



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2013 REGULAR SESSION

SENATE BILL NO. 13

AS ENACTED

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ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Allen

1 AN ACT relating to alcoholic beverages.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔Section 1. KRS 241.010 is amended to read as follows:

4 As used in this chapter and in KRS Chapters 242 and 243, unless the context requires
5 otherwise:

6 (1) "Alcohol" means ethyl alcohol, hydrated oxide of ethyl or spirit of wine, from
7 whatever source or by whatever process it is produced;

8 (2) "Alcoholic beverage" means every liquid or solid, whether patented or not,
9 containing alcohol in an amount in excess of more than one percent (1%) of alcohol
10 by volume, which is fit for beverage purposes. It includes every spurious or
11 imitation liquor sold as, or under any name commonly used for, alcoholic
12 beverages, whether containing any alcohol or not. It does not include the following
13 products:

14 (a) Medicinal preparations manufactured in accordance with formulas prescribed
15 by the United States Pharmacopoeia, National Formulary, or the American
16 Institute of Homeopathy;

17 (b) Patented, patent, and proprietary medicines;

18 (c) Toilet, medicinal, and antiseptic preparations and solutions;

19 (d) Flavoring extracts and syrups;

20 (e) Denatured alcohol or denatured rum;

21 (f) Vinegar and preserved sweet cider;

22 (g) Wine for sacramental purposes; and

23 (h) Alcohol unfit for beverage purposes that is to be sold for legitimate external
24 use; ~~and~~

25 ~~(i) Malt beverages, containing not more than three and two-tenths percent (3.2%)~~
26 ~~of alcohol by weight, in territory that has voted to allow the sale thereof;]~~

27 (3) (a) "Alcohol vaporizing device" or "AWOL device" means any device, machine,

1 or process that mixes liquor, spirits, or any other alcohol product with pure
 2 oxygen or by any other means produces a vaporized alcoholic product used for
 3 human consumption;

4 (b) "Alcohol vaporizing device" or "AWOL device" does not include an inhaler,
 5 nebulizer, atomizer, or other device that is designed and intended by the
 6 manufacturer to dispense a prescribed or over-the-counter medication or a
 7 device installed and used by a licensee under this chapter to demonstrate the
 8 aroma of an alcoholic beverage;

9 **(4) "Automobile race track" means a facility primarily used for vehicle racing that**
 10 **has a seating capacity of at least thirty thousand (30,000) people;**

11 ~~(5)~~~~(4)~~ "Board" means the State Alcoholic Beverage Control Board created by KRS
 12 241.030;

13 ~~(6)~~~~(5)~~ "Bottle" means any container which is used for holding alcoholic beverages
 14 for the use and sale of alcoholic beverages at retail;

15 ~~(7)~~~~(6)~~ "Brewer" means any person who manufactures malt beverages or owns,
 16 occupies, carries on, works, or conducts any brewery, either alone~~[by himself]~~ or
 17 through an~~[by his]~~ agent;

18 ~~(8)~~~~(7)~~ "Brewery" means any place or premises where malt beverages are
 19 manufactured for sale, and includes all offices, granaries, mash rooms, cooling
 20 rooms, vaults, yards, and storerooms connected with the premises; or where any
 21 part of the process of the manufacture of malt beverages is carried on; or where any
 22 apparatus connected with manufacture is kept or used; or where any of the products
 23 of brewing or fermentation are stored or kept;

24 ~~(9)~~~~(8)~~ "Building containing licensed premises" means the licensed premises
 25 themselves and includes the land, tract of land, or parking lot in which the premises
 26 are contained, and any part of any building connected by direct access or by an
 27 entrance which is under the ownership or control of the licensee by lease holdings

1 or ownership;

2 ~~(10)~~~~(9)~~ "Caterer" means a corporation, partnership, or individual that operates the
3 business of a food service professional by preparing food in a licensed and
4 inspected commissary, transporting the food and alcoholic beverages to the caterer's
5 designated and inspected banquet hall or to a location selected by the customer, and
6 serving the food and alcoholic beverages to the customer's guests;

7 ~~(11)~~~~(10)~~ "Charitable organization" means a nonprofit entity recognized as exempt from
8 federal taxation under section 501(c) of the Internal Revenue Code (26 U.S.C. sec.
9 501(c)) or any organization having been established and continuously operating
10 within the Commonwealth of Kentucky for charitable purposes for three (3) years
11 and which expends at least sixty percent (60%) of its gross revenue exclusively for
12 religious, educational, literary, civic, fraternal, or patriotic purposes;

13 ~~(12)~~~~(11)~~ "Cider" means any fermented fruit-based beverage containing more than one-
14 tenth of one percent (0.1%) alcohol by volume and includes hard cider and perry
15 cider;

16 ~~(13)~~~~(12)~~ "City administrator" means city alcoholic beverage control administrator;

17 ~~(14)~~~~(13)~~ "Commissioner" means the commissioner of the Department of Alcoholic
18 Beverage Control;

19 ~~(15)~~~~(14)~~ "Convention center" means any facility which, in its usual and customary
20 business, provides seating for a minimum of one thousand (1,000) people and offers
21 convention facilities and related services for seminars, training and educational
22 purposes, trade association meetings, conventions, or civic and community events
23 or for plays, theatrical productions, or cultural exhibitions;

24 ~~(16)~~~~(15)~~ "Convicted" and "conviction" means a finding of guilt resulting from a plea of
25 guilty, the decision of a court, or the finding of a jury, irrespective of a
26 pronouncement of judgment or the suspension of the judgment;

27 ~~(17)~~~~(16)~~ "County administrator" means county alcoholic beverage control

1 administrator;

2 ~~(18)~~~~(17)~~ "Department" means the Department of Alcoholic Beverage Control;

3 **(19) "Dining car" means a railroad passenger car that serves meals to consumers on**
 4 **any railroad or Pullman car company;**

5 ~~(20)~~~~(18)~~ "Distilled spirits" or "spirits" means any product capable of being consumed
 6 by a human being which contains alcohol in excess of the amount permitted by
 7 KRS Chapter 242 obtained by distilling, mixed with water or other substances in
 8 solution, except wine, hard cider, and malt beverages;

9 ~~(21)~~~~(19)~~ "Distiller" means any person who is engaged in the business of manufacturing
 10 distilled spirits at any distillery in the state and is registered in the Office of the
 11 Collector of Internal Revenue for the United States at Louisville, Kentucky;

12 ~~(22)~~~~(20)~~ "Distillery" means any place or premises where distilled spirits are
 13 manufactured for sale, and which are registered in the office of any collector of
 14 internal revenue for the United States. It includes any United States government
 15 bonded warehouse;

16 ~~(23)~~~~(21)~~ "Distributor" means any person who distributes malt beverages for the
 17 purpose of being sold at retail;

18 ~~(24)~~~~(22)~~ "Dry~~{ territory }~~" means a territory~~{ county, city, district, or precinct }~~ in which a
 19 majority of the electorate~~{ voters have }~~ voted **to prohibit all forms of retail alcohol**
 20 **sales by a KRS 242.050, Section 15 of this Act, or other local option election**~~{ in~~
 21 ~~favor of prohibition }~~;

22 ~~(25)~~~~(23)~~ "Election" means:

23 (a) An election held for the purpose of taking the sense of the people as to the
 24 application or discontinuance of alcoholic beverage sales under KRS Chapter
 25 242; or

26 (b) Any other election not pertaining to alcohol;

27 ~~(26)~~~~(24)~~ "Field representative" means any employee or agent of the department who is

regularly employed and whose primary function is to travel from place to place for the purpose of visiting taxpayers, and any employee or agent of the department who is assigned, temporarily or permanently, by the commissioner to duty outside the main office of the department at Frankfort, in connection with the administration of alcoholic beverage statutes;

(27) "Horse racetrack" means a facility licensed to conduct a horse race meeting under KRS Chapter 230;

(28) "Hotel" means a hotel, motel, or inn for accommodation of the traveling public, designed primarily to serve transient patrons;

(29) [(25)] "License" means any license issued pursuant to KRS Chapters 241 to 244 [243.020 to 243.670];

(30) [(26)] "Licensee" means any person to whom a license has been issued, pursuant to KRS Chapters 241 to 244 [243.020 to 243.670];

(31) [(27)] "Limited restaurant" means:

(a) A facility where the usual and customary business is the serving of meals to consumers, which has a bona fide kitchen facility, which receives at least seventy percent (70%) of its gross income from the sale of food, which maintains a minimum seating capacity of one hundred (100) persons for dining, and which is located in a **wet or moist** territory ~~where prohibition is no longer in effect~~ under **subsection (2) of Section 14 of this Act** ~~KRS 242.185(6)~~; or

(b) A facility where the usual and customary business is the serving of meals to consumers, which has a bona fide kitchen facility, which receives at least seventy percent (70%) of its gross income from the sale of food, which maintains a minimum seating capacity of fifty (50) persons for dining, which has no open bar, which requires that alcoholic beverages be sold in conjunction with the sale of a meal, and which is located in a **wet or moist**

1 territory~~[where prohibition is no longer in effect]~~ under KRS 242.1244;

2 ~~(32)~~~~(28)~~ "Malt beverage" means any fermented undistilled alcoholic beverage of any
3 name or description, manufactured from malt wholly or in part, or from any
4 substitute for malt~~[, and having an alcoholic content greater than that permitted~~
5 ~~under subsection (2)(i) of this section]~~;

6 ~~(33)~~~~(29)~~ "Manufacture" means distill, rectify, brew, bottle, and operate a winery;

7 ~~(34)~~~~(30)~~ "Manufacturer" means a winery~~[vintner]~~, distiller, rectifier, or brewer, and any
8 other person engaged in the production or bottling of alcoholic beverages;

9 ~~(35)~~~~(31)~~ "Minor" means any person who is not twenty-one (21) years of age or older;

10 **(36) "Moist" means a territory in which a majority of the electorate voted to permit**
11 **limited alcohol sales by any one (1) or a combination of special limited local**
12 **option elections authorized by Section 4, 5, 11, 13, 14, or 17 of this Act;**

13 ~~(37)~~~~(32)~~ "Premises" means the land and building in and upon which any business
14 regulated by alcoholic beverage statutes is operated or carried on. "Premises" shall
15 not include as a single unit two (2) or more separate businesses of one (1) owner on
16 the same lot or tract of land, in the same or in different buildings if physical and
17 permanent separation of the premises is maintained, excluding employee access by
18 keyed entry and emergency exits equipped with crash bars, and each has a separate
19 public entrance accessible directly from the sidewalk or parking lot. Any licensee
20 holding an alcoholic beverage license on July 15, 1998 shall not, by reason of this
21 subsection, be ineligible to continue to hold his or her license or obtain a renewal,
22 of the license;

23 **(38) "Private club" means a nonprofit social, fraternal, military, or political**
24 **organization, club, or entity maintaining or operating a club room, club rooms,**
25 **or premises from which the general public is excluded;**

26 **(39) "Public nuisance" means a condition that endangers safety or health, is**
27 **offensive to the senses, or obstructs the free use of property so as to interfere with**

the comfortable enjoyment of life or property by a community or neighborhood or by any considerable number of persons;

~~[(33)] "Prohibition" means the application of KRS 242.190 to 242.430 to a territory;~~

~~(40)~~~~[(34)]~~ "Qualified historic site" means a contributing property with dining facilities for at least fifty (50) persons at tables, booths, or bars where food may be served within a commercial district listed in the National Register of Historic Places, or a site that is listed as a National Historic Landmark *or in the National Register of Historic Places* with dining facilities for at least fifty (50) persons at tables, booths, or bars where food may be served. Notwithstanding the provisions of this subsection:~~;~~

(a) A distillery which is listed as a National Historic Landmark and which conducts~~[has a]~~ souvenir retail package sales~~[liquor license]~~ under KRS 243.0305; and

(b) *A not-for-profit or nonprofit facility listed on the National Register of Historic Places;*~~;~~

shall be deemed a "qualified historic site" under this section;

~~(41)~~~~[(35)]~~ "Rectifier" means any person who rectifies, purifies, or refines distilled spirits or wine by any process other than as provided for on distillery premises, and every person who, without rectifying, purifying, or refining distilled spirits by mixing alcoholic beverages with any materials, manufactures any imitations of or compounds liquors for sale under the name of whiskey, brandy, gin, rum, wine, spirits, cordials, bitters, or any other name;

~~(42)~~~~[(36)]~~ "Repackaging" means the placing of alcoholic beverages in any retail container irrespective of the material from which the container is made;

~~(43)~~~~[(37)]~~ "Restaurant" means a facility where the usual and customary business is the serving of meals to consumers, that has a bona fide kitchen facility, and that receives at least fifty percent (50%) of its food and beverage receipts from the sale

1 of food;

2 ~~(44)~~~~(38)~~ "Retail container" means any bottle, can, barrel, or other container which,
3 without a separable intermediate container, holds alcoholic beverages and is
4 suitable and destined for sale to a retail outlet, whether it is suitable for delivery to
5 the consumer or not;

6 ~~(45)~~~~(39)~~ "Retail outlet" means retailer, hotel, motel, restaurant, railroad dining car,
7 club, and any facility where alcoholic beverages are sold directly to the consumers;

8 ~~(46)~~~~(40)~~ "Retail sale" means any sale where delivery is made in Kentucky to any
9 consumers;

10 ~~(47)~~~~(41)~~ "Retailer" means any person who sells at retail any alcoholic beverage for the
11 sale of which a license is required;

12 **(48) "Riverboat" means any boat or vessel with a regular place of mooring in this**
13 **state that is licensed by the United States Coast Guard to carry one hundred (100)**
14 **or more passengers for hire on navigable waters in or adjacent to this state;**

15 ~~(49)~~~~(42)~~ "Sale" means any transfer, exchange, or barter for consideration, and includes
16 all sales made by any person, whether principal, proprietor, agent, servant, or
17 employee, of any alcoholic beverage;

18 ~~(50)~~~~(43)~~ "Service bar" means a bar, counter, shelving, or similar structure used for
19 storing or stocking supplies of alcoholic beverages that is a workstation where
20 employees prepare alcoholic beverage drinks to be delivered to customers away
21 from the service bar. A service bar shall be located in an area where the general
22 public, guests, or patrons are prohibited;

23 ~~(51)~~~~(44)~~ "Sell" includes solicit or receive an order for, keep or expose for sale, keep
24 with intent to sell, and the delivery of any alcoholic beverage;

25 ~~(52)~~~~(45)~~ "Small farm winery" means a winery producing wines, in an amount not to
26 exceed fifty thousand (50,000) gallons in a calendar year;

27 ~~(53)~~~~(46)~~ "Souvenir package" means a special package of Kentucky straight bourbon

1 whiskey available for retail sale at a licensed Kentucky distillery where the whiskey
2 was produced or bottled that is available from a licensed retailer;

3 ~~(54)~~~~((47))~~ "State director" means the director of the Division of Distilled Spirits or the
4 director of the Division of Malt Beverages, or both, as the context requires;

5 ~~(55)~~~~((48))~~ "Supplemental bar" means a bar, counter, shelving, or similar structure used
6 for serving and selling distilled spirits or wine by the drink for consumption on the
7 licensed premises to guests and patrons from additional locations other than the
8 main bar. A supplemental bar shall be continuously constructed and accessible to
9 patrons for distilled spirits or wine sales or service without physical separation by
10 walls, doors, or similar structures;

11 **(56) "Territory" means a county, city, district, or precinct;**

12 ~~(57)~~~~((49))~~ "Vehicle" means any device or animal used to carry, convey, transport, or
13 otherwise move alcoholic beverages or any products, equipment, or appurtenances
14 used to manufacture, bottle, or sell these beverages;

15 ~~((50)) "Vintner" means any person who owns, occupies, carries on, works, conducts, or~~
16 ~~operates any winery, either by himself or by his agent, except persons who~~
17 ~~manufacture wine for sacramental purposes exclusively;~~

18 ~~(58)~~~~((51))~~ "Warehouse" means any place in which alcoholic beverages are housed or
19 stored;

20 **(59) "Wet" means a territory in which a majority of the electorate voted to permit all**
21 **forms of retail alcohol sales by a local option election under KRS 242.050,**
22 **Section 15 of this Act, or Section 17 of this Act on the following question: "Are**
23 **you in favor of the sale of alcoholic beverages in (name of territory)?"**;

24 ~~(60)~~~~((52))~~ "Wholesale sale" means a sale to any person for the purpose of resale;

25 ~~(61)~~~~((53))~~ "Wholesaler" means any person who distributes alcoholic beverages for the
26 purpose of being sold at retail, but it shall not include a subsidiary of a manufacturer
27 or cooperative of a retail outlet;

1 ~~(62)~~~~(54)~~ "Wine" means the product of the normal alcoholic fermentation of the juices
 2 of fruits, with the usual processes of manufacture and normal additions, and
 3 includes champagne and sparkling and fortified wine of an alcoholic content not to
 4 exceed twenty-four percent (24%) by volume. It includes cider, hard cider, and
 5 perry cider and also includes preparations or mixtures vended in retail containers if
 6 these preparations or mixtures contain not more than fifteen percent (15%) of
 7 alcohol by volume. It includes ciders, perry, or sake~~[having an alcohol content~~
 8 ~~greater than that permitted under subsection (2)(i) of this section]~~; and

9 ~~(63)~~~~(55)~~ "Winery" means any place or premises in which wine is manufactured from
 10 any fruit, or brandies are distilled as a by-product of wine or other fruit, or cordials
 11 are compounded, except a place or premises that manufactures wine for
 12 sacramental purposes exclusively.

13 ➔Section 2. KRS 241.065 is amended to read as follows:

14 (1) The number of quota retail package~~[liquor]~~ licenses issued by the Alcoholic
 15 Beverage Control Board to licensees in counties containing cities of the first class,
 16 and including such cities, shall not exceed a number equal to one (1) for every one
 17 thousand five hundred (1,500) persons resident in such county.

18 (2) The number of quota retail drink licenses issued by the Alcoholic Beverage Control
 19 Board to licensees in counties containing cities of the first class, and including such
 20 cities shall not exceed a number equal to one (1) for every one thousand five
 21 hundred (1,500) persons resident in such county.

22 (3) In order that a fixed and approved standard of population as prescribed in
 23 subsections (1) and (2) of this section may be adopted the annual estimates of
 24 population as determined by chambers of commerce of cities of the first class shall
 25 be used in every year except a census year, and during a census year the United
 26 States government census figures of population shall be controlling.

27 ➔Section 3. KRS 241.075 is amended to read as follows:

- 1 (1) The State Alcoholic Beverage Control Board shall, for the purpose of regulating the
 2 location of quota retail package licenses~~[liquor]~~ and quota retail drink licenses in
 3 cities of the first class or consolidated local governments, divide such cities or
 4 consolidated local governments into "downtown business areas" and "combination
 5 business and residential areas."
- 6 (2) No quota retail package~~[liquor]~~ or quota retail drink license shall be granted or
 7 issued to any licensee who proposes to sell distilled spirits and wine by the~~[retail]~~
 8 package~~[liquor]~~ or~~[liquor]~~ by the drink at a location within seven hundred (700)
 9 feet of the location of any similar establishment in any combination business and
 10 residential area, nor shall such license be granted or issued to any licensee who
 11 proposes to operate at a location in a combination business and residential area
 12 within seven hundred (700) feet of a similar establishment located in a downtown
 13 business area. This section shall not affect location of such establishments in
 14 downtown business areas of such cities or consolidated local governments.
- 15 (3) The distance between locations~~[location]~~ of similar establishments as prescribed by
 16 this section shall be measured by following the shortest route of ordinary pedestrian
 17 travel along public thoroughfares from the nearest point of any present location of
 18 any such similar place of business to the nearest point of any proposed location of
 19 any such place of business. The measurement shall be taken from the entrance of
 20 the existing licensed premises to the entrance of any proposed location.
- 21 (4) The location of all establishments licensed to sell at retail distilled spirits by the
 22 package or by the drink, or both, on June 17, 1954, shall not be affected by the
 23 terms of this section and this section shall not apply to existing licensed locations or
 24 to the renewal of licenses therefor, or to transfers thereof. The distance limitation
 25 prescribed by this section shall not affect any existing licensed location, nor the
 26 right of the owner thereof to renew or transfer the license for such location. The
 27 location of any such existing license shall not be transferred to a new location in

violation of this section, except that the location of any presently existing license or renewal thereof in case of destruction of property or loss of lease through failure of the landlord to renew such lease may be transferred to a location which is not closer than half the distance between the existing licensed premises and the nearest similar licensed premises.

→SECTION 4. A NEW SECTION OF KRS CHAPTER 242 IS CREATED TO READ AS FOLLOWS:

(1) Other provisions of the Kentucky Revised Statutes notwithstanding, in a county containing a city of the third or fourth class, a limited sale precinct election may be held in any precinct containing a horse racetrack. The election shall be conducted in the same manner as provided for in Section 17 of this Act. Upon approval of the proposition, a Nonquota type 1 retail drink license may be issued in accordance with Section 101 of this Act. Nothing in this section shall be construed as authorizing the issuance of any alcoholic beverage licenses other than for the premises of a horse racetrack pursuant to Section 70 of this Act.

(2) A petition seeking a local option election under this section shall state "We the undersigned registered voters hereby petition for an election on the following question: 'Are you in favor of the sale of alcoholic beverages in (official name of the horse racetrack located in the designated precinct)?'".

→SECTION 5. A NEW SECTION OF KRS CHAPTER 242 IS CREATED TO READ AS FOLLOWS:

(1) If a licensed small farm winery is located in a dry or moist territory, the small farm winery shall remain dry or moist unless sales at the small farm winery are approved through a local option election held in accordance with the provisions of this section.

(2) A limited sale precinct election may be held in a precinct containing a licensed small farm winery or a proposed small farm winery located in a dry territory. The

election shall be held in the same manner as prescribed by KRS 242.020 to 242.120.

(3) A petition seeking a local option election under this section shall state "We the undersigned registered voters hereby petition for an election on the following question: 'Are you in favor of the sale of wine at (name of the licensed or proposed small farm winery or wineries)?"

(4) If the precinct contains a licensed small farm winery or a proposed small farm winery, the proposition to be voted on in the limited local option election shall state, "Are you in favor of the sale of wine at the (name of the licensed or proposed small farm winery or wineries)?"

→ SECTION 6. A NEW SECTION OF KRS CHAPTER 242 IS CREATED TO READ AS FOLLOWS:

(1) After a special limited local option election that establishes a territory as moist, the territory shall remain dry in every other respect that it was dry before that election, except for the specific moist status authorized by the election proposition.

(2) If any territory votes to become moist under any limited local option election authorized under this chapter, the citizens of that territory may hold a limited local option election on the same moist proposition at a later date to disapprove limited alcohol sales and its moist status.

→ Section 7. KRS 242.020 is amended to read as follows:

(1) A petition for an election shall be signed by a number of constitutionally qualified voters of the territory to be affected, equal to twenty-five percent (25%) of the votes cast in the territory at the last preceding general election. The petition may consist of one (1) or more separate units, and shall be filed with the county clerk.

(2) The petition for election, in addition to the name of the voter, shall state also the voter's~~his~~ residence address,~~[- Social Security number or]~~ date of birth, and the

1 correct date upon which the voter's^[his] name was signed.

2 (3) No signer may withdraw his or her name or have it taken from the petition after the
 3 petition has been filed. If the name of any person has been placed on the petition for
 4 election without that person's^[his] authority, the person^[he] may appear before the
 5 county judge/executive before the election is ordered and upon proof that the
 6 person's^[his] name was placed on the petition without his or her authority, the
 7 person's^[his] name may be eliminated by an order of the county judge/executive.
 8 When the person's^[his] name has been eliminated, he or she shall not be counted as
 9 a petitioner.

10 (4) A petition seeking a local option election under this section shall state "We the
 11 undersigned registered voters hereby petition for an election on the following
 12 question: 'Are you in favor of the sale of alcoholic beverages in (name of
 13 territory)?'". No petition for a referendum shall be circulated for more than six (6)
 14 months prior to its filing.

15 (5) After a petition for election has been filed, the county judge/executive shall make an
 16 order on the order book of the court directing an election to be held in that territory.

17 (6) Substantial compliance with the wording designated under this chapter for a
 18 particular type of petition is sufficient to validate the actual wording of the
 19 petition.

20 ➔SECTION 8. KRS 242.070 IS REPEALED AND REENACTED TO READ AS
 21 FOLLOWS:

22 (1) Not more than twenty (20) days prior to an election held under this chapter, any
 23 group of citizens that in good faith favors or opposes the proposition to be
 24 submitted may file with the chair of the county board of elections a petition
 25 asking that it be recognized as the committee entitled to certify challengers. If
 26 more than one (1) group claims the right to certify challengers, the county board
 27 of elections shall promptly decide and publicly announce which committee is

1 entitled to certify challengers. That decision shall not be final, but any aggrieved
2 party may appeal to the county judge/executive, and upon hearing the county
3 judge/executive shall determine which group shall be recognized.

4 (2) (a) Each committee is entitled to have up to two (2) challengers at each precinct
5 during the holding of the election. Any group of citizens of the county may
6 recommend to a committee a list of persons whom they desire to have
7 appointed as challengers in each precinct in the county. If more than two
8 (2) such lists are furnished, the committee, in making appointments of
9 challengers, shall alternate between the several lists so furnished so as to
10 give to each list an equal amount or proportion of the appointments. The
11 committee shall not appoint more than one (1) challenger for any precinct
12 from any one (1) list when multiple lists have been submitted. Any lists of
13 challengers shall be presented to the committee within twenty (20) days
14 after the local option petition is filed with the county clerk, and the
15 committee or its chair shall make and certify the appointments and present
16 a list of certified challengers to the county clerk at least twenty (20) days
17 before the date on which the local option election will be held.

18 (b) The appointment of challengers shall be certified in all respects as
19 challengers at regular elections, except as otherwise provided in this
20 section. The challengers shall be registered voters of the county in which
21 the election is held and shall be subject to the same penalties and possess
22 the same rights and privileges as challengers at regular elections, except
23 that the challengers of one (1) committee may not challenge a person
24 because the person offered to vote in a way favorable to the other
25 committee.

26 (c) The provisions of this section shall be enforceable against the chair of each
27 committee by a mandatory summary proceeding instituted in the Circuit

Court. The order of the court may be reviewed by the Court of Appeals as provided for the granting or dissolving of temporary injunctions.

(3) The challengers shall perform their duties in the same manner and be subject to the same privileges as other challengers at an election including those provided in KRS 117.187 and 117.316 to 117.318.

→ SECTION 9. KRS 242.090 IS REPEALED AND REENACTED TO READ AS FOLLOWS:

The precinct election officers appointed for a primary and a regular election under KRS 117.045 shall serve as precinct election officers in local option elections. If a local option election is ordered to be held in a year in which there are no elections scheduled or prior to March 20 in a year in which elections are scheduled, precinct election officers shall be appointed in the manner provided under KRS 117.045 for special elections ordered to be held in a year in which there are no elections scheduled.

→ Section 10. KRS 242.120 is amended to read as follows:

(1) Any qualified voter may demand a recount of the votes or contest the election in the same manner as is provided for the recount of votes or contest of general elections of county officers by KRS 120.155 to 120.185. The members of the county board of election commissioners shall be named as contestees and summons shall be served upon them. Any qualified voter may intervene as contestee by filing a petition to be made a party in the action.

(2) (a) The canvass and returns provided for in KRS 242.110 shall constitute the official returns for the local option election, unless before 4 p.m. on the seventh day following the local option election, the county clerk or county board of elections takes notice of a discrepancy in the tally of votes cast in any precinct or number of precincts within the territory voting in the local option election, or a committee favoring or opposing the proposition makes a written request to the county board of elections to check and recanvass the

voting machines and absentee ballots of any precinct or any number of precincts involving the local option election. After this time period has elapsed and notice is taken, the county board of elections shall assemble at 9 a.m. on the second day following the filing deadline to request a recanvass, and not sooner, and recheck and recanvass each machine and make a proper return thereof to the county clerk, and the canvass and return shall become the official returns for the election.

(b) In making the recanvass, the county board of elections shall make a record of the number of the seal upon the voting machine and, without unlocking the machine against voting, recanvass the vote cast thereon. If, after a recanvass, it is found that the original canvass of the returns has been correctly made from the machine and that there still remains a discrepancy unaccounted for, this discrepancy shall be noted. If, upon recanvass, it appears that the original canvass of the returns by the election officers was incorrect, the returns and all papers being prepared by the county board of elections shall be corrected accordingly.

(c) The county board of elections shall, immediately upon receipt of a request for a recanvass, notify the committees favoring or opposing the proposition of the time and place of the recanvass. At the recanvass, the committees favoring or opposing the proposition may be present. The county board of elections shall authorize representatives of the news media to observe the recanvass of the votes cast on the voting machine in each precinct. Nothing in this section shall prohibit an individual from requesting, in addition to a recanvass, a recount as authorized by KRS Chapter 120.

(3) The State Board of Elections shall prescribe forms to be used by county boards of election to report all recanvassed votes. The form shall include the following information:

1 (a) The name of the county in which the recanvass was conducted;

2 (b) The date of the report;

3 (c) The date of the local option election;

4 (d) The proposition for which the recanvass was conducted;

5 (e) The names of the leaders of the committees favoring or opposing the
6 proposition being recanvassed; and

7 (f) The machine votes, absentee votes, and vote totals for each "yes" or "no"
8 vote.

9 The report shall be signed by each member of the county board of elections.

10 (4) The county board of elections shall file its recanvass report as prescribed in
11 administrative regulations promulgated by the State Board of Elections in
12 accordance with KRS Chapter 13A.

13 (5) The State Board of Elections shall promulgate administrative regulations in
14 accordance with KRS Chapter 13A to establish the proper procedures for
15 conducting a local option election recanvass for each type of voting system
16 approved by the State Board of Elections and in use in Kentucky.

17 ➔ Section 11. KRS 242.123 is amended to read as follows:

18 (1) (a) To promote economic development and tourism in a county containing a wet
19 or moist city ~~that has, in whole or in part, voted to discontinue prohibition~~,
20 with the exception of a moist territory ~~that has discontinued prohibition~~ in
21 accordance with KRS 242.1292, a local option election for the limited sale of
22 alcoholic beverages may be held in any precinct containing a nine (9) or an
23 eighteen (18) hole golf course that meets United States Golf Association
24 criteria as a regulation golf course, notwithstanding any other provisions of
25 the Kentucky Revised Statutes.

26 (b) A petition seeking a local option election under this section shall state "We
27 the undersigned registered voters hereby petition for an election under this

section on the following question: 'Are you in favor of the sale of alcoholic beverages by the drink at (name of golf course) in the (name of precinct)?'".

(2) A local option election for the limited sale of alcoholic beverages held under subsection (1) of this section shall be conducted in the same manner specified in KRS 242.020 to 242.120, except that the form of the proposition to be voted upon shall be "Are you in favor of the sale of alcoholic beverages by the drink at (name of golf course) in the (name of precinct)?".

~~[(3) Upon approval of the proposition, the Department of Alcoholic Beverage Control may issue a license to the golf course for the sale of alcoholic beverages by the drink as provided in KRS 243.030 and KRS 243.040.~~

~~(4) No alcoholic beverage license shall be issued to any applicant within the precinct except the nine (9) or the eighteen (18) hole regulation golf course named in the proposition.]~~

➔Section 12. KRS 242.1232 is repealed, reenacted as a new section of KRS Chapter 243, and amended to read as follows:

(1) The Department of Alcoholic Beverage Control shall not issue a license to an applicant authorized to apply for a license to sell alcoholic beverages by the drink under Section 38 of this Act~~[KRS 242.123]~~ unless the applicant and the golf course, if different from the applicant, agree to voluntarily comply with the provisions of KRS Chapter 344, whether or not the applicant and the golf course would otherwise be covered by the provisions of KRS Chapter 344.

(2) The department shall revoke or suspend any license issued under Section 38 of this Act~~[KRS 242.123]~~ if the department or the Kentucky Commission on Human Rights makes a finding that the applicant or the golf course, if different from the applicant, has violated a requirement specified in this section.

➔Section 13. KRS 242.1242 is amended to read as follows:

1 (1) **(a)** To promote economic development and tourism in any **dry or moist** county or
 2 city in which ~~prohibition is in effect, in whole or in part, and~~ a qualified
 3 historic site is located, a local option election for the limited sales of alcoholic
 4 beverages by the drink may be held in the precinct of the county where the
 5 qualified historic site is located, notwithstanding any other provision of the
 6 Kentucky Revised Statutes.

7 **(b) A petition seeking a local option election under this section shall state "We**
 8 **the undersigned registered voters hereby petition for an election under this**
 9 **section on the following question: 'Are you in favor of the sale of alcoholic**
 10 **beverages by the drink at qualified historic sites in (name of precinct)?'."**

11 (2) A local option election for the limited sale of alcoholic beverages by the drink held
 12 under subsection (1) of this section shall be conducted in the same manner as
 13 specified in KRS 242.020; 242.030(1), (2), and (5); 242.040; and 242.060 to
 14 242.120. The form of the proposition to be voted upon shall be "Are you in favor of
 15 the sale of alcoholic beverages by the drink at qualified historic sites in the (name of
 16 precinct)?".

17 ~~[(3) Upon approval of the proposition, the Department of Alcoholic Beverage Control~~
 18 ~~shall issue a license to qualified historic sites that meet the criteria included in the~~
 19 ~~proposition for the sale of alcoholic beverages by the drink as provided in KRS~~
 20 ~~243.030.]~~

21 ➔SECTION 14. KRS 242.1244 IS REPEALED AND REENACTED TO READ
 22 AS FOLLOWS:

23 **(1) (a) In order to promote economic development and tourism, other provisions of**
 24 **the Kentucky Revised Statutes notwithstanding, a dry or moist city or county**
 25 **may, by petition in accordance with Section 7 of this Act, hold a local option**
 26 **election on the sale of alcoholic beverages by the drink at restaurants and**
 27 **dining facilities that seat a minimum of fifty (50) persons and derive a**

minimum of seventy percent (70%) of their gross receipts from the sale of food if alcoholic beverages are purchased in conjunction with a meal. A petition seeking a local option election under this subsection shall state "We the undersigned registered voters hereby petition for an election on the following question: 'Are you in favor of the sale of alcoholic beverages by the drink at restaurants and dining facilities with a seating capacity of at least fifty (50) persons and which derive at least seventy percent (70%) of their gross receipts from the sale of food if the alcoholic beverage is purchased in conjunction with a meal?'"

(b) The election shall be held in accordance with KRS 242.030(1), (2), and (5), 242.040, and 242.060 to 242.120, and the proposition on the ballot shall state "Are you in favor of the sale of alcoholic beverages by the drink in (name of city or county) at restaurants and dining facilities with a seating capacity of at least fifty (50) persons and which derive at least seventy percent (70%) of their gross receipts from the sale of food if the alcoholic beverage is purchased in conjunction with a meal?". If the majority of the votes in an election held pursuant to this subsection are "Yes," licenses may be issued to qualified restaurants and dining facilities, and the licensees may be regulated and taxed in accordance with Section 31 of this Act.

(2) (a) In order to promote economic development and tourism, other provisions of the Kentucky Revised Statutes notwithstanding, a dry or moist city or county may, by petition in accordance with Section 7 of this Act, hold a local option election on the sale of alcoholic beverages by the drink at restaurants and dining facilities which seat a minimum of one hundred (100) persons and derive a minimum of seventy percent (70%) of their gross receipts from the sale of food.

(b) A petition seeking a local option election under this subsection shall state

"We the undersigned registered voters hereby petition for an election on the following question: 'Are you in favor of the sale of alcoholic beverages by the drink in (name of city or county) at restaurants and dining facilities with a seating capacity of at least one hundred (100) persons and which derive at least seventy percent (70%) of their gross receipts from the sale of food?'".

(c) The election shall be held in accordance with KRS 242.030(1), (2), and (5), 242.040, and 242.060 to 242.120, and the proposition on the ballot shall state "Are you in favor of the sale of alcoholic beverages by the drink in (name of city or county) at restaurants and dining facilities with a seating capacity of at least one hundred (100) persons and which derive at least seventy percent (70%) of their gross receipts from the sale of food?". If the majority of the votes in an election held pursuant to this subsection are "Yes," licenses may be issued to qualified restaurants and dining facilities and the licensees may be regulated and taxed in accordance with Section 31 of this Act.

(3) A local option proposition under subsection (1) of this section is a separate proposition than a local option proposition held under subsection (2) of this section, so that a separate limited local option election is required for sales under each subsection. A territory may, by separate limited local option elections, simultaneously allow alcoholic beverage sales under subsections (1) and (2) of this section. A territory may also hold a limited local option election to allow alcoholic beverage sales under either subsection (1) or (2) of this section without authorizing alcoholic beverage sales under the other subsection.

➔SECTION 15. KRS 242.125 IS REPEALED AND REENACTED TO READ
AS FOLLOWS:

(1) As used in this section, "city" or "cities" means a city or cities of the first four (4)

1 classes.

2 (2) A city shall not be deemed to be the "same territory" as that of a county within
3 the meaning of KRS 242.030(5). A city shall have the right to determine its wet or
4 dry status separate from a county's wet or dry status.

5 (3) A dry or moist city may hold a local option election to take the sense of the city
6 residents for establishing the city as a wet territory. If the majority of the votes are
7 in favor of establishing the city as a wet territory, the whole city shall become wet
8 territory by application of Section 21 of this Act.

9 (4) Once a city votes under this section to become wet territory separate from the
10 county, a countywide local option election establishing the county as dry or moist
11 territory shall not cause the city to become dry or moist territory.

12 (5) A wet city may hold a local option election to take the sense of the city residents
13 for establishing the city as a dry or moist territory. If the majority of the votes are
14 in favor of establishing the city as a dry or moist territory, the whole city shall
15 become dry or moist territory by application of Section 20 of this Act.

16 (6) If a city votes to become wet territory, a precinct of the city may hold a later
17 election in conformity with this chapter to take the sense of the city precinct
18 residents for establishing the city precinct as a dry or moist territory. If the
19 majority of the votes are in favor of establishing the city precinct as a dry or moist
20 territory, the city precinct shall become dry or moist territory by application of
21 Section 20 of this Act.

22 (7) If a city precinct becomes dry or moist territory separate from a wet city, the city
23 precinct may hold a later election in conformity with this chapter, to take the
24 sense of the city precinct residents for reestablishing the city precinct as a wet
25 territory. If the majority of the votes are in favor of reestablishing the city
26 precinct as a wet territory, the city precinct shall become wet territory by
27 application of Section 21 of this Act.

1 (8) A dry or moist county containing a wet city may hold a local option election to
2 take the sense of the county residents for establishing the county as a wet
3 territory. If the majority of the votes are in favor of establishing the county as a
4 wet territory, the whole county shall become wet territory by application of
5 Section 21 of this Act.

6 (9) A wet county containing a wet city by separate city election under this section
7 may hold a local option election to take the sense of the county residents for
8 establishing the county as a dry or moist territory. If the majority of the votes are
9 in favor of establishing the county as a dry or moist territory, the county territory
10 outside the wet city limits shall become dry or moist territory by application of
11 Section 20 of this Act.

12 (10) Residents of any city, including a separately wet city, are residents of the county,
13 and shall therefore be permitted to sign any petitions for, and vote in, county
14 local option elections under this section.

15 (11) A petition seeking a local option election under this section shall state "We the
16 undersigned registered voters hereby petition for an election on the following
17 question: 'Are you in favor of the sale of alcoholic beverages in (name of county,
18 city, or precinct)?'".

19 (12) In any local option election under this section, the proposition to be voted upon
20 shall state "Are you in favor of the sale of alcoholic beverages in (name of
21 county, city, or city precinct)?".

22 (13) The status of any moist territory approving limited alcoholic beverage sales
23 through a previous election held under Sections 5, 11, 13, and 14 of this Act, or
24 any other limited local option election, shall not be affected by any outcome of
25 any election held under this section. A territory's moist status may only be
26 changed by a local option election on the original same moist election
27 proposition.

➔Section 16. KRS 242.127 is amended to read as follows:

(1) In any wet city of the fourth class~~[in which prohibition is not in effect]~~, an election may be held in the manner prescribed in this chapter~~[KRS Chapter 242]~~ to take the sense of the people of the city as to the sale of distilled spirits or wine by the drink for consumption on the premises in the city.

(2) An election held pursuant to this section shall be city-wide.

➔Section 17. KRS 242.1292 is amended to read as follows:

(1) The provisions of this section shall be applicable in any city of the second class notwithstanding any other provisions of this chapter relating to the wet or moist status~~[discontinuance of prohibition]~~ in any county, city, or territory which may be to the contrary.

(2) In any city of the second class that is dry or moist~~[in which prohibition is in effect]~~ in all or part of the city, and upon a determination that an economic hardship exists in one (1) or more of the voting precincts of the city in the manner prescribed in subsection (11) of this section, the governing body of the city shall by ordinance designate the precinct or precincts as a limited sale precinct or precincts and shall provide for an election to be held in the precinct or precincts to take the sense of the people of each precinct as to making~~[the discontinuance of prohibition in]~~ that precinct wet territory. A petition seeking a local option election under this section shall state "We the undersigned registered voters hereby petition for an election on the following question: 'Are you in favor of the sale of alcoholic beverages in (official name of precinct)?'".

(3) The election shall be held in the precinct or precincts in the manner prescribed in this chapter. The election shall not be deemed to be an election in the "same territory" within the meaning of subsection (5) of KRS 242.030~~[- however, no election on the same question shall be held in the same precinct or precincts more than once every five (5) years]~~.

1 (4) The question shall be presented to the voters in conformance with the requirements
2 of KRS 242.050 except that the form of the proposition shall be, "Are you in favor
3 of the sale of alcoholic beverages in (official name and designation of precinct)?".

4 (5) If a majority of the votes cast in any limited sale precinct in which an election is
5 held under this section are in favor of the sale of alcoholic beverages in that
6 precinct, the governing body of the city shall by ordinance create or provide for the
7 office of city alcoholic beverage control administrator.

8 (6) The governing body of the city shall adopt the comprehensive regulatory ordinance
9 covering the licensing and operation of establishments for the sale of alcoholic
10 beverages, including, but not limited to, distilled spirits and malt beverages, within
11 a limited sale precinct as set forth in this section. In relation to the ordinances
12 established by a city of the second class under this subsection and subsection (7) of
13 this section, review by the board, if any, shall be limited to a determination that the
14 ordinances do not exceed the limits established for sale by statute, or administrative
15 regulations promulgated by the board under those statutes. In its discretion the
16 governing body shall provide without review by the board that:

17 (a) Only three (3) licenses permitting the package sale at retail of alcoholic
18 beverages shall be granted within the territorial limits of any limited sale
19 precinct.

20 (b) Only four (4) licenses to sell alcoholic beverages by the drink for consumption
21 on the premises by the general public shall be granted in any one (1) limited
22 sale precinct. One (1) license in each limited sale precinct may be reserved for
23 any newly established hotel, motel, or inn containing not less than fifty (50)
24 sleeping units and having dining facilities for not less than one hundred (100)
25 persons. The remaining three (3) licenses may be granted to a hotel, motel, or
26 inn meeting the aforestated requirements or to bona fide restaurants open to
27 the general public having dining facilities for not less than one hundred (100)

1 persons. Additional licenses to sell alcoholic beverages by the drink for
2 consumption on the premises may be granted to social membership clubs
3 established and maintained for the benefit of members of bona fide fraternal
4 or veterans organizations.

5 (7) The governing body of the city may also incorporate in the regulatory ordinance any
6 other reasonable rules and regulations as it deems, necessary or desirable for the
7 proper administration and enforcement of this section, for the maintenance of public
8 order in a limited sale precinct, and for the issuance of any licenses permitted by
9 KRS 243.070.

10 (8) Notwithstanding any limitations imposed on the city's taxing or licensing power by
11 KRS 243.070, ~~once upon the discontinuance of prohibition in~~ any limited sale
12 precinct **has been established as wet territory**, the governing body of the city may
13 impose a regulatory license fee upon the gross receipts of each establishment
14 located therein and licensed to sell alcoholic beverages. The regulatory license fee
15 may be levied at the beginning of each city budget period at the percentage rate as
16 shall be reasonably estimated to fully reimburse the city for the estimated costs of
17 any additional policing, regulatory, or administrative expenses related to the sale of
18 alcoholic beverages in the city. The regulatory license fee shall be in addition to any
19 other taxes, fees, or licenses permitted by law, but a credit against the fee shall be
20 allowed in an amount equal to any licenses or fees imposed by the city pursuant to
21 KRS 243.070.

22 (9) Subject to the limitation imposed by subsection (3) of this section, no provision
23 contained in this section providing for the establishment of a limited sale precinct
24 shall preclude or abridge the right of the constitutionally qualified voters of the
25 precinct to petition for a subsequent election on the same question.

26 (10) If an election is held pursuant to other provisions of KRS Chapter 242 in the city or
27 the county in which a limited sale precinct is located for the purpose of taking the

sense of the voters upon the question of ~~adopting or repealing prohibition for~~ the entire city or the entire county becoming dry, wet, or moist, the status of that question in a limited sale precinct shall be determined in the following manner:

(a) The status of a limited sale precinct shall not be affected by any election for the entire city or the entire county if the limited sale precinct was established less than five (5) years prior to the date of the proposed election for the entire city or the entire county and if so the voters of any limited sale precinct shall not vote in the election.

(b) If the limited sale precinct was established more than five (5) years prior to the date of the proposed election for the entire city or the entire county, the voters within each limited sale precinct shall be presented with the question, "Are you in favor of continuing the sale of alcoholic beverages in (official name and designation of precinct) as a limited sale precinct?". No other question shall be presented to the voters of any limited sale precinct.

(c) The votes of each limited sale precinct shall be counted separately, and, if a majority of the votes cast in the limited sale precinct are in favor of continuing the sale of alcoholic beverages therein as a limited sale precinct, then the status shall continue within the precinct, except that if the city or the county in which the limited sale precinct is located votes wet~~against prohibition~~ in the remainder of the city or the county, the limited sale precinct status of any precinct may be terminated by the governing body of the city or the county and thereafter the status of the precinct shall be the same as that in effect for the remainder of the city or the county.

(11) Any precinct located entirely within any city of the second class that is dry~~in which prohibition is in effect~~ in all or part of the city shall be designated as a limited sale precinct by the governing body of the city if:

(a) The governing body determines to its satisfaction that the general trade,

business, and economy of one (1) or more of the precincts within the city is substantially, adversely affected by the legal sale of alcoholic beverages in any neighboring or adjoining state, county, city, town, district, or precinct. For the purpose of making this determination, the governing body may hold hearings, examine witnesses, or receive evidence as it believes necessary or desirable for the purpose; or

- (b) The governing body receives a petition signed by a number of constitutionally qualified voters of a precinct equal to thirty-three percent (33%) of the votes cast in the precinct at the last preceding general election requesting the governing body of the city to designate the precinct as a limited sale precinct. The petition may consist of one (1) or more separate units and shall be filed with the mayor of the city. In addition to the name of the voter, the petition shall also state his or her post office address and the correct date upon which his or her name is signed. Upon receipt of the petition, the mayor shall present it to the governing body of the city at its next regularly scheduled meeting and, after verifying that the petition is in compliance with the requirements of this section, the governing body shall forthwith by ordinance designate the precinct to be a limited sale precinct.

➔Section 18. KRS 242.1295 is repealed, reenacted as a new section of KRS Chapter 243, and amended to read as follows:

An NO2 retail drink~~[In no event shall a]~~ license **shall not** be issued for any restaurant or any dining facility in a hotel~~[, motel, or inn]~~, unless the applicant can demonstrate to the director or administrator that gross receipts of the restaurant or the dining facility from the sale of food for consumption on the premises is reasonably estimated to be not less than fifty percent (50%) of the total food and **alcoholic** beverage receipts of ~~the~~~~[such]~~ restaurant or dining facility for the license period.

➔Section 19. KRS 242.1297 is amended to read as follows:

1 Notwithstanding any law to the contrary, a precinct located in a city of the third class
 2 where the entire city is wet territory, may have an election to take the sense of the voters
 3 of the precinct on the wet or dry status of~~[application of KRS 242.220 to 242.430 in]~~ the
 4 precinct. The election shall be held in the precinct in the manner prescribed in KRS
 5 242.020 to 242.040 and KRS 242.060 to 242.120. The election shall not be deemed to be
 6 an election in the "same territory" within the meaning of KRS 242.030(5)~~]; however, no~~
 7 ~~election shall be held in the same precinct more often than once every five (5) years]~~. The
 8 question shall be presented to the voters in conformance with the requirements of KRS
 9 242.050 except that the form of the proposition shall be "Are you in favor of the sale of
 10 alcoholic beverages in (official name and designation of precinct)?".

11 ➔Section 20. KRS 242.190 is amended to read as follows:

12 (1) When a majority of the votes cast at a local option election are in favor of
 13 establishing dry~~[prohibition in the]~~ territory, the territory~~[prohibition]~~ shall be
 14 dry~~[in force and effect]~~ at the expiration of sixty (60) days from the date of the entry
 15 of the certificate of the county board of election commissioners in the order book of
 16 the county judge/executive.

17 (2) Upon the annexation of any local option territory by a city, either before July 15,
 18 1980, or subsequent thereto, the annexed territory shall assume the same local
 19 option status as the local option status of the annexing city. Nothing in this section
 20 shall impair the right of any precinct in the annexed territory to determine its own
 21 status with respect to the legal sales of alcoholic beverages in accordance with the
 22 provisions of KRS Chapter 242.

23 ➔Section 21. KRS 242.200 is amended to read as follows:

24 When a majority of the votes cast at an election are in favor of establishing wet or
 25 moist~~[the discontinuance of prohibition in a]~~ territory, the territory shall be wet or
 26 moist~~[prohibition shall cease to be in force and effect]~~ at the expiration of sixty (60) days
 27 from the date of the entry of the certificate of the county board of election commissioners

1 in the order book of the county judge/executive.

2 ➔Section 22. KRS 242.220 is amended to read as follows:

3 **(1) After *a territory becomes dry or moist, any previously issued license that is no***
 4 ***longer available in that territory shall become invalid***~~[prohibition goes into effect,~~
 5 ~~no license formerly issued in that territory shall be valid]~~, but the licensee shall be
 6 entitled to recover from the county or city to which the license money was paid, a
 7 part of the license money proportionate to the unexpired period of the license.

8 **(2) No retail alcoholic beverage license shall be issued in any dry territory.**

9 ➔Section 23. KRS 242.230 is amended to read as follows:

10 (1) No person in dry territory shall sell, barter, loan, give, procure for, or furnish
 11 another, or keep or transport for sale, barter, or loan, directly or indirectly, any
 12 alcoholic beverage.

13 **(2) No person in moist territory shall sell, barter, loan, give, procure for, or furnish**
 14 ***another, or keep or transport for sale, barter, or loan, directly or indirectly, any***
 15 ***alcoholic beverage unless the sale of that alcoholic beverage has been specifically***
 16 ***authorized in that moist territory under a limited local option election.***

17 **(3)** No person shall possess any alcoholic beverage unless it has been lawfully acquired
 18 and is intended to be used lawfully, and in any action the defendant shall have the
 19 burden of proving that the alcoholic beverages found in his **or her** possession were
 20 lawfully acquired and were intended for lawful use.

21 ➔Section 24. KRS 242.250 is amended to read as follows:

22 (1) No person, while representing either the buyer or seller, shall distribute, solicit, or
 23 receive contracts, proposals, or orders for the purchase or sale of any alcoholic
 24 beverages, or distribute any handbills or posters advertising them in dry territory.

25 (2) Each act of distributing, soliciting, or receiving contracts, proposals, or orders as
 26 denounced in subsection (1), and each day in which advertising matter is
 27 distributed, shall constitute a separate offense.

(3) This chapter shall not prevent any manufacturer of or wholesale dealer in alcoholic beverages, or any authorized agent of either from making contracts of barrel, case, or package lots in any dry or moist territory, if his or her distilleries, breweries, wineries, or warehouses are located in that territory and his or her products are to be shipped into territory, either within or without the state, where alcoholic beverages may lawfully be sold.

(4) Subsections (1) and (2) of this section shall also apply to moist territory unless the sale of the alcoholic beverage in question has been specifically authorized in that moist territory under a limited local option election.

➔Section 25. KRS 242.260 is amended to read as follows:

(1) It shall be unlawful for any person or public or private carrier to bring into, transfer to another, deliver, or distribute in any dry or moist~~[local option]~~ territory, except as provided in subsection (2) of this section, any alcoholic beverage, regardless of its~~[the]~~ name~~[by which it may be called]~~. Each package of such beverage so brought, transferred, or delivered in such territory shall constitute a separate offense.~~[Provided, however, that]~~ Nothing in this section~~[herein]~~ shall be construed to prevent any distiller or manufacturer or any authorized agent of a distiller, manufacturer, or wholesale dealer from transporting or causing to be transported by a licensed carrier any alcoholic beverage to their distilleries, breweries, wineries, or warehouses where the sale of such beverage may be lawful, either in or out of the state.

(2) Subsection (1) of this section shall also apply to any moist territory unless the sale of the alcoholic beverage in question has been specifically authorized in that moist territory under a limited local option election.

➔Section 26. KRS 242.270 is amended to read as follows:

(1) No person shall sell or deliver any alcoholic beverages that are to be paid for on delivery, in dry territory.

1 (2) Such transactions shall be deemed sales at the place where the money is paid or the
2 goods delivered.

3 **(3) This section shall also apply to the sale or delivery of any alcoholic beverages that**
4 **are to be paid for on delivery in moist territory unless the sale of the alcoholic**
5 **beverage in question has been specifically authorized in that moist territory under**
6 **a limited local option election.**

7 ➔Section 27. KRS 242.280 is amended to read as follows:

8 **(1)** It shall be unlawful for any person of dry territory to receive or accept any alcoholic
9 beverage from a common carrier or from any person who has transported the
10 beverage in or into such territory for compensation, hire, or profit of any kind
11 whatsoever either directly or indirectly. Each and every package of said alcoholic
12 beverage so received or accepted shall constitute a separate offense.~~[- Provided,~~
13 ~~however, that]~~ Nothing **in this section**~~[herein]~~ shall be construed to prevent any
14 distiller or manufacturer of alcoholic beverages or any authorized agent of a distiller
15 or manufacturer or wholesale dealer from receiving or accepting any alcoholic
16 beverages which are to be sold in a territory where the sale of such beverages may
17 be lawful either in or out of the state.

18 **(2) Subsection (1) of this section shall apply to any moist territory unless the sale of**
19 **the alcoholic beverage in question has been specifically authorized in that moist**
20 **territory under a limited local option election.**

21 ➔Section 28. KRS 242.290 is amended to read as follows:

22 KRS 242.260 and 242.280 shall not apply to the transportation of alcoholic beverages
23 through dry **or moist** territory to a point in some other state, or to a point in this state
24 where alcoholic beverages may be lawfully sold; or to the receipt or acceptance by a
25 common carrier from a manufacturer for transportation to a point in another state or to a
26 point in this state where alcoholic beverages may lawfully be sold.

27 ➔Section 29. KRS 242.300 is amended to read as follows:

1 *The normal restrictions applicable in dry territory*~~[KRS 242.220 to 242.430]~~ shall not
 2 apply to any manufacturer who in good faith and in the usual course of trade sells
 3 alcoholic beverages of *the manufacturer's*~~[his]~~ own make, at his *or her* manufactory, in
 4 quantities of not less than three (3) gallons delivered at one time for immediate
 5 transportation, to a point in some other state, or to a point in this state where alcoholic
 6 beverages may be lawfully sold.

7 ➔Section 30. KRS 242.430 is amended to read as follows:

8 The indictment charging the commission of an offense under this chapter need not allege
 9 that a vote was taken or an election held in the territory where the offense is alleged to
 10 have been committed, but it may simply allege that the act charged was committed in dry
 11 *or moist* territory and was a violation of *this chapter*~~[the prohibition statutes]~~.

12 ➔SECTION 31. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO
 13 READ AS FOLLOWS:

14 *(1) This section shall apply to any wet city of the fourth class or county containing a*
 15 *wet city of the fourth class, notwithstanding any other provisions of this chapter*
 16 *relating to the sales of alcoholic beverages by the drink for consumption on the*
 17 *premises.*

18 *(2) Upon a determination by the legislative body that an economic hardship exists*
 19 *within the wet city or county and that the sale of alcoholic beverages by the drink*
 20 *could aid economic growth, the legislative body may enact a comprehensive,*
 21 *regulatory ordinance covering the licensing and operation of hotels, motels, inns,*
 22 *or restaurants for the sale of alcoholic beverages by the drink for consumption on*
 23 *the premises.*

24 *(3) Nonquota type 2 (NQ2) retail drink licenses authorizing all types of alcoholic*
 25 *beverage sales shall only be issued to hotels and restaurants having dining*
 26 *facilities for not less than one hundred (100) persons.*

27 *(4) The city or county legislative body may provide for the issuance of any licenses*

permitted by Section 55 of this Act, or the issuance of any other reasonable administrative regulations as may be necessary for the enforcement or administration of this section, except that any administrative regulation adopted shall conform to the requirements of KRS 241.190.

→SECTION 32. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO READ AS FOLLOWS:

(1) A malt beverage storage license may be issued as a supplementary license to a distributor's license, a nonquota retail malt beverage package license, a Nonquota type 4 license, or a retail malt beverage drink license. A malt beverage storage license may also be issued as a primary or supplementary license in conformity with administrative regulations promulgated by the department.

(2) The holder of a malt beverage storage license may:

(a) Store malt beverages at the storage licensed premises convenient to his or her regular retail malt beverage licensed premises;

(b) Transport the malt beverages as belonging to the holder of the license to and from the warehouse by way of the nearest route to his or her regular licensed retail malt beverage premises, if the licensee sells no malt beverages except at his or her regular malt beverage licensed premises;

(c) Transport and store malt beverages belonging to the distributor to, from, and at the storage licensed premises; and

(d) Conduct business as authorized by the department through the promulgation of administrative regulations.

(3) The malt beverage administrator may issue a temporary storage license to a licensed distributor for storage of malt beverages if there is an emergency. The malt beverage administrator shall have sole discretion to determine the existence of any emergency.

→SECTION 33. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO

1 READ AS FOLLOWS:

2 (1) A distilled spirits and wine storage license may be issued as a primary license or
 3 as a supplementary license to the holder of a distiller's or rectifier's license.

4 (2) A distilled spirits and wine storage license may be issued to any person or entity
 5 operating a bonded warehouse for distilled spirits, and who does not at the same
 6 time, and for the same premises, hold a federal operating permit for distilling
 7 purposes, but who possesses only a federal operating permit for a bonded
 8 warehouse for distilled spirits as defined by federal law and the Internal Revenue
 9 Code.

10 (3) A licensee under this section may operate a bonded warehouse or warehouses for
 11 premises specifically designated, but this license shall become void if a federal
 12 operating permit for distilling purposes is issued for the same premises, and shall
 13 remain void while the federal permit remains in effect. Upon the granting of a
 14 federal operating permit for distilling purposes, the licensee of the premises
 15 previously licensed under this section shall obtain a license as set out in
 16 subsection (1) of Section 45 of this Act.

17 (4) A distilled spirits and wine storage license may be issued to persons or entities not
 18 otherwise entitled under Kentucky law to store or warehouse distilled spirits or
 19 wine, but who are so authorized by the federal government. The license shall
 20 authorize the licensee to operate a warehouse or place of storage for distilled
 21 spirits or wine on the premises specifically designated.

22 ➔ SECTION 34. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO

23 READ AS FOLLOWS:

24 (1) An out-of-state brewer, distributor, importer for a brewer, or importer of a non-
 25 United States brand of malt beverage may obtain a malt beverage supplier's
 26 license for importing a malt beverage product into Kentucky if it is:

27 (a) Licensed to do business in the state in which it is located; and

1 (b) Registered with the Kentucky Department of Revenue.

2 (2) An entity listed in subsection (1) of this section who wishes to import more than
 3 twenty-five thousand (25,000) barrels or seven hundred seventy-five thousand
 4 (775,000) gallons of malt beverage shall:

5 (a) Apply for an out-of-state malt beverage supplier's license on an application
 6 provided by the department;

7 (b) Submit documentation required by the application; and

8 (c) Pay the annual fee required by Section 51 of this Act.

9 (3) An entity listed in subsection (1) of this section who wishes to import less than
 10 twenty-five thousand (25,000) barrels or seven hundred seventy-five thousand
 11 (775,000) gallons of malt beverage shall:

12 (a) Apply for a limited out-of-state malt beverage supplier's license on an
 13 application provided by the department;

14 (b) Submit documentation required by the application; and

15 (c) Pay an annual fee required by Section 51 of this Act.

16 (4) An out-of-state applicant shall be exempt from the notice requirements of Section
 17 74 of this Act.

18 ➔SECTION 35. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO
 19 READ AS FOLLOWS:

20 (1) An out-of-state distiller, wholesaler, rectifier, winery, small farm winery, importer
 21 for a distillery, winery, or small farm winery, or importer of a non-United States
 22 brand of distilled spirits or wine may obtain a distilled spirits and wine supplier's
 23 license for importing distilled spirits and wine into Kentucky if it is:

24 (a) Licensed to do business in the state in which it is located; and

25 (b) Registered with the Kentucky Department of Revenue.

26 (2) An entity listed in subsection (1) of this section who wishes to import more than
 27 fifty thousand (50,000) gallons of distilled spirits or wine shall:

1 (a) Apply for an out-of-state distilled spirits and wine supplier's license on an
 2 application provided by the department;

3 (b) Submit documentation required by the application; and

4 (c) Pay the annual fee required by Section 45 of this Act.

5 (3) An entity listed in subsection (1) of this section who wishes to import at least two
 6 thousand (2,000) gallons but less than fifty thousand (50,000) gallons of distilled
 7 spirits or wine shall:

8 (a) Apply for a limited out-of-state distilled spirits and wine supplier's license
 9 on an application provided by the department;

10 (b) Submit documentation required by the application; and

11 (c) Pay the annual fee required by Section 45 of this Act.

12 (4) An entity listed in subsection (1) of this section who wishes to import less than
 13 two thousand (2,000) gallons of distilled spirits or wine shall:

14 (a) Apply for a micro out-of-state distilled spirits and wine supplier's license on
 15 an application provided by the department;

16 (b) Submit documentation required by the application; and

17 (c) Pay the annual fee required by Section 45 of this Act.

18 (5) An out-of-state applicant shall be exempt from the notice requirements of Section
 19 74 of this Act.

20 ➔SECTION 36. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO
 21 READ AS FOLLOWS:

22 (1) (a) A transporter's license may be issued as a primary license to a person
 23 engaged in business as a common carrier. A transporter's licensee may
 24 transport alcoholic beverages to or from the licensed premises of any
 25 licensee under this chapter if both the consignor and consignee in each case
 26 are authorized by the law of the states of their residence to sell, purchase,
 27 ship, or receive the alcoholic beverages.

1 (b) A transporter's license shall be issued only to persons authorized by proper
2 certificate from the Department of Vehicle Regulation to engage in the
3 business of a common carrier. Holders of a transporter's license issued
4 under this section and Section 66 of this Act may transport alcoholic
5 beverages in Kentucky only in conformity with the provisions of their
6 common carrier certificate issued by the Transportation Cabinet. Such
7 licenses are specifically prohibited from transporting alcoholic beverages
8 anywhere within the state except upon the route authorized by their
9 respective common carrier certificates.

10 (2) (a) No person, firm, or corporation operating motor vehicles for hire over the
11 highways of this state, under authority of a Certificate of Convenience and
12 Necessity issued by the Transportation Cabinet, covering the same territory
13 or highways designated in the certificate as irregular common carrier
14 issued by the Interstate Commerce Commission shall be authorized or
15 permitted to transport any alcoholic beverages in this state until the carrier
16 has procured an appropriate transporter's license from the department, and
17 filed with the department a statement of the proposed route of the territory
18 over which the carrier proposes to transport alcoholic beverages.

19 (b) The statement of route shall be accompanied by an exhibit consisting of a
20 Kentucky road map with the proposed route clearly indicated by suitable
21 marking.

22 (c) The proposed route shall be restricted to designated federal highways except
23 as to access side roads to distilleries and terminals. The side roads shall be
24 the nearest and most traveled route from the distillery to the designated
25 federal highway, and shall be no more than seven (7) miles from the federal
26 highway.

27 (d) When the carrier has obtained a transporter's license for distilled spirits

1 and wine from the department for transportation over designated routes,
2 pursuant to a regular common carrier certificate, no additional license shall
3 be required upon filing of the designated routes and exhibit required under
4 this section.

5 (e) The license will be issued to a person legally transporting alcoholic
6 beverages to allow transportation of the beverages over numbered Kentucky
7 state highways, or officially prescribed detours from those highways.

8 (3) A transporter's license may be issued to a steam, diesel, or gasoline boatlines,
9 desiring to haul alcoholic beverages in barrels or in unbroken case lots, if it
10 maintains published river-rail rates, but licensees shall not be restricted to routes
11 covered by such river-rail rates.

12 (4) A transporter's license may be issued as a primary or supplementary license to
13 any nonresident distiller, winery, or wholesaler who is authorized by the state of
14 his or her residence and the federal government to receive and transport distilled
15 spirits and wine. The nonresident licensee may transport for himself or herself
16 only, distilled spirits and wine from the licensed premises of a Kentucky
17 manufacturer, distiller, winery, or rectifier to the transporter's licensed premises
18 only, and beverages on which the Kentucky tax has been paid may be transported
19 from the licensed premises of a nonresident distiller, winery, or rectifier to
20 wholesaler licensees within the Commonwealth of Kentucky, if he or she
21 transports the alcoholic beverages in a truck or other vehicle owned and operated
22 by a nonresident licensee. Each truck or vehicle shall have affixed to its side a
23 sign in uniform letters of at least three (3) inches high containing the name of the
24 company and the state and federal permit numbers for the vehicles.

25 (5) An application for a transporter's license shall include a statement that the
26 applicant, if granted a license, will allow any authorized field representative of
27 the department to stop and examine the cargo of any truck or vehicle in which

1 alcoholic beverages are being transported within the boundaries of the
2 Commonwealth of Kentucky.

3 (6) All persons or entities holding a transporter's license shall be required to file
4 reports with the Department of Revenue on or before the fifteenth of each month,
5 covering the preceding month's transactions. Only one (1) report may be
6 submitted to cover each unit shipment of alcoholic beverages transported into
7 and from the state. Each Department of Revenue report shall show the state
8 license number, the name and address of consignor and consignee, shipping date,
9 delivery date, number of cases according to size contained in each shipment, and
10 shall be signed by an official of the company handling the shipment.

11 (7) A transporter's license may be issued as a primary license to a person or entity
12 wishing to transport distilled spirits and wine through this state over the public
13 highways. A transporter's license authorizes the holder to transport distilled
14 spirits and wine during the period of the license. The driver of a vehicle so
15 transporting shall be in the possession of a copy of the license and bills of lading,
16 consignment, or other evidence of ownership of the cargo which tally with the
17 cargo. Failure of the driver to be in possession of these documents shall be prima
18 facie evidence of illegal trafficking. The transporting of distilled spirits and wine
19 without a transporter's license shall subject the offending party to the penalties
20 established in Section 80 of this Act.

21 (8) A transporter's license may be issued as a primary license to a person wishing to
22 transfer distilled spirits or wine from a licensed transporter to one (1) truck from
23 another. The licensee may receive from and tender to transporters duly licensed
24 under this section and Section 66 of this Act, those distilled spirits and wine
25 consigned to licensees under Section 44 of this Act, in the Commonwealth of
26 Kentucky.

27 (9) (a) A transporter's license may be issued as a primary license to a person or

entity wishing to export malt beverages from the licensed premises of a Kentucky brewer or from the warehouse of a licensed Kentucky distributor, or from another state, through Kentucky. A transporter's license may be issued to an applicant who holds a beer wholesaler or distributor's license issued by the state into which malt beverages are to be transported, or who is licensed by the state to transport those malt beverages.

(b) Applicants for the transporter's license under this subsection, and their employees, may be exempt from the residence requirements of KRS 243.100 and Section 84 of this Act.

(c) A transporter's license shall authorize the holder to transport malt beverages from the licensed premises of a Kentucky brewer or from the warehouse of the licensed Kentucky distributor, or from another state, through Kentucky, if the licensee transports the malt beverages in a truck or other vehicle carrying a transporter's license and owned and operated by its employees.

(10) A transporter's license may be issued as a primary or supplemental license to a person, except a retailer, wishing to transport malt beverages for hire. A transporter's license shall authorize the licensee to transport malt beverages for hire to or from the licensed premises of any licensee, except retailers, if both the consignor and consignee in each case are authorized by the law of the states of their residence to sell, purchase, ship, or receive the malt beverages. A transporter licensee may transport malt beverages for hire to or from the licensed premises of any licensee under Section 51 of this Act in counties containing a population of less than forty thousand (40,000) if both the consignor and consignee in each case are authorized by the laws of the states of their residence to sell, purchase, ship, or receive the malt beverages.

➔SECTION 37. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO

1 READ AS FOLLOWS:

2 (1) A limited restaurant license may be issued to an establishment meeting the
 3 criteria established in subsection (31) of Section 1 of this Act as long as the
 4 establishment is within:

5 (a) Any wet territory; or

6 (b) Any moist precinct that has authorized the sale of alcoholic beverages
 7 under Section 14 of this Act.

8 (2) A limited restaurant license shall authorize the licensee to purchase, receive,
 9 possess, and sell distilled spirits, wine, and malt beverages at retail by the drink
 10 for consumption on the licensed premises. The licensee shall purchase distilled
 11 spirits, wine, and malt beverages only from licensed wholesalers or distributors.
 12 The license shall not authorize the licensee to sell distilled spirits, wine, or malt
 13 beverages by the package.

14 (3) The holder of a limited restaurant license shall maintain at least seventy percent
 15 (70%) of its gross income from the sale of food and maintain the minimum
 16 applicable seating requirement required for the type of limited restaurant license.

17 (4) (a) A limited restaurant as defined by subsection (31)(b) of Section 1 of this Act
 18 shall:

19 1. Only sell distilled spirits, wine, and malt beverages incidental to the
 20 sale of a meal; and

21 2. Not have an open bar and shall not sell distilled spirits, wine, and malt
 22 beverages to any person who has not purchased or does not purchase
 23 a meal.

24 (b) Distilled spirits, wine, and malt beverages shall be deemed to be purchased
 25 in conjunction with a meal if the distilled spirits, wine, and malt beverages
 26 are served after the meal is ordered and no more than one-half (1/2) hour
 27 after the meal is completed.

➔SECTION 38. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO
READ AS FOLLOWS:

(1) A limited golf course license may be issued to an establishment that is a nine (9) or an eighteen (18) hole golf course that meets United States Golf Association criteria as a regulation golf course as long as the establishment is within:

(a) Any wet territory; or

(b) Any moist precinct that has specifically authorized the sale of distilled spirits, wine, and malt beverages at that establishment under Section 11 of this Act.

(2) A limited golf course license shall authorize the licensee to purchase, receive, possess, and sell distilled spirits, wine, and malt beverages at retail by the drink for consumption on the licensed premises. The licensee shall purchase distilled spirits, wine, and malt beverages only from licensed wholesalers or distributors. The license shall not authorize the licensee to sell distilled spirits, wine, and malt beverages by the package.

➔SECTION 39. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO
READ AS FOLLOWS:

The department may issue an air transporter's license to a commercial airline system, a charter flight system, or a commercial cargo system, upon the payment of the required fee. This license may be renewed annually. The license shall authorize the licensee to transport distilled spirits, wine, and malt beverages, into and out of Kentucky, upon regularly scheduled or charter flights of the licensee. The license shall authorize, for the purpose of transportation, the storage of distilled spirits, wine, and malt beverages at a location or locations, if operating from more than one (1) airport in Kentucky, as designated on the license application. This license shall authorize an airline to transport if both the consignor and consignee in each case are authorized by the laws of the states of their residence to sell, purchase, ship, or receive the distilled

1 spirits, wine, and malt beverages.

2 ➔SECTION 40. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO
3 READ AS FOLLOWS:

4 (1) A "Nonquota type 1" or "NQ1" retail drink license may be issued to:

5 (a) A convention center or a convention hotel complex;

6 (b) A horse racetrack;

7 (c) An automobile racetrack;

8 (d) A railroad system; or

9 (e) A commercial airlines system or charter flight system.

10 (2) (a) The department may issue an NQ1 retail drink license to a railroad
11 company operating a railroad system in the state upon the payment of the
12 required fee. This license tax shall be in lieu of all license and excise taxes
13 which would otherwise be due by the holder in connection with the retailing
14 of distilled spirits, wine, and malt beverages.

15 (b) Notwithstanding KRS Chapter 242, an NQ1 retail drink issued to a railroad
16 system shall authorize the holder to sell distilled spirits, wine, and malt
17 beverages at retail by the drink or by the package upon any train, that
18 includes a dining car, operated by the licensee in the state. Sales shall be
19 made only while the train is in motion. Notwithstanding any other law,
20 holders of such licenses may retail alcoholic beverages in unbroken
21 packages smaller than two hundred (200) milliliters of distilled spirits and
22 one hundred (100) milliliters of wine and may purchase alcoholic beverages
23 from nonresidents.

24 (3) (a) The department may issue an NQ1 retail drink license to a commercial
25 airlines system or charter flight system upon the payment of the required
26 fee. This license fee shall be in lieu of all license and excise taxes which
27 would otherwise be due by the holder in connection with the retailing of

1 distilled spirits, wine, or malt beverages, and the license may be renewed
2 annually.

3 **(b) An NQ1 retail drink license issued to a commercial airlines system or**
4 **charter flight system shall authorize the holder to sell distilled spirits and**
5 **wine by the drink and by miniature bottle, and malt beverages, upon**
6 **regularly scheduled or charter flights of the licensee, in and out of**
7 **Kentucky. The license shall authorize the licensee to store distilled spirits,**
8 **wine, and malt beverages for retail sale at a location or locations, if**
9 **operating from more than one (1) airport in Kentucky, as designated on the**
10 **license application.**

11 **(4) An NQ1 retail drink license issued to a convention center or convention hotel**
12 **complex shall authorize the retail sale of distilled spirits, wine, and malt**
13 **beverages for consumption on the premises of the convention center or hotel. The**
14 **license shall permit all distilled spirits, wine, or malt beverage sales on the**
15 **premises without additional supplemental licenses, except that a separate hotel**
16 **in-room service license shall be required, where applicable. An NQ1 retail drink**
17 **license issued to a convention center or convention hotel complex license shall**
18 **not be transferable to other premises. This subsection shall not apply to an NQ1**
19 **retail drink license issued to or renewed for a convention center, other than those**
20 **in a city of the first class or a county containing a city of the first class or a**
21 **consolidated local government, if the original license was issued prior to July 15,**
22 **1998.**

23 **(5) An NQ1 retail drink license issued to an automobile racetrack shall authorize the**
24 **holder to sell distilled spirits, wine, and malt beverages by the drink for**
25 **consumption on the premises of an automobile racetrack. The license permits all**
26 **distilled spirits, wine, and malt beverage sales on the premises without additional**
27 **supplemental licenses.**

(6) An NQ1 retail drink license issued to a horse racetrack shall authorize the holder to sell distilled spirits, wine, and malt beverages by the drink for consumption on the premises of a horse racetrack. The license permits all distilled spirits, wine, or malt beverage sales on the premises without additional supplemental licenses.

→SECTION 41. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO READ AS FOLLOWS:

(1) A "Nonquota type 2" or "NQ2" retail drink license may be issued to:

(a) A hotel that:

1. Contains at least fifty (50) sleeping units;

2. Contains dining facilities for at least one hundred (100) persons; and

3. Receives from its total food and beverage sales at least fifty percent (50%) of its gross receipts from the sale of food;

(b) A restaurant with a minimum seating for fifty (50) consumers at tables;

(c) An airport; or

(d) A riverboat.

(2) A qualifying hotel, restaurant with seating for at least one hundred (100) consumers at tables, airport, or riverboat holding an NQ2 retail drink license may purchase, receive, possess, and sell distilled spirits, wine, and malt beverages at retail by the drink for consumption on the licensed premises. The licensee shall purchase distilled spirits, wine, or malt beverages only from licensed wholesalers or distributors. An NQ2 retail drink license shall not authorize the licensee to sell distilled spirits, wine, or malt beverages by the package. The holder of an NQ2 retail drink license shall comply with the requirements of Section 69 of this Act.

(3) A restaurant holding an NQ2 retail drink license which has seating for more than fifty (50) but less than one hundred (100) consumers at tables may only purchase, receive, possess, and sell wine and malt beverages at retail by the drink for consumption on the licensed premises. The licensee shall purchase wine and

malt beverages only from licensed wholesalers or distributors. An NQ2 license shall not authorize the licensee to sell wine and malt beverages by the package.

(4) (a) A riverboat holding an NQ2 license may sell distilled spirits, wine, and malt beverages at retail by the drink for consumption on the premises of the riverboat. The riverboat shall have a regular place of mooring in a wet county or city of this state.

(b) A riverboat that has a regular place of mooring outside this state, may be licensed if the boat has an alternative regular place of mooring that qualifies under paragraph (a) of this subsection.

(c) An NQ2 license issued under this subsection shall not be transferable to another riverboat, vessel, or other premises.

(d) If a riverboat moors or makes landfall in a location other than its regular or alternate regular place of mooring, all distilled spirits, wine, and malt beverages shall be kept locked.

(e) A riverboat licensed under this subsection shall not take on or discharge passengers when mooring or making landfall in dry option territory.

(f) A riverboat NQ2 licensee shall comply with the license restrictions governing licensed premises in the regular place of mooring or alternative place of mooring.

➔ SECTION 42. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO READ AS FOLLOWS:

(1) A "Nonquota type 3" or "NQ3" retail drink license may be issued to:

(a) A private club in existence for longer than one (1) year prior to the license application; or

(b) A dining car.

(2) An NQ3 retail drink license issued to a private club shall authorize the licensee to exercise the privileges of an NQ2 retail drink licensee, at the designated premises

if the general public is excluded.

(3) An NQ3 retail drink license issued to a dining car shall authorize the licensee to exercise the privileges of an NQ2 retail drink licensee and shall also authorize the licensee to sell distilled spirits and wine by the package, only on the designated dining car identified in the NQ3 license.

➔SECTION 43. A NEW SECTION OF KRS CHAPTER 243 IS CREATED TO READ AS FOLLOWS:

(1) A "Nonquota type 4" or "NQ4" retail malt beverage drink license may be issued to the holder of a quota retail drink license, microbrewery license, small farm winery license, or any other business wishing to sell malt beverages by the drink for consumption on the premises only.

(2) An NQ4 retail malt beverage drink license shall authorize the licensee to:

(a) Sell malt beverages at retail by the drink from only the licensed premises for consumption at the licensed premises only; and

(b) Purchase malt beverages only from a distributor.

(3) The holder of an NQ4 retail malt beverage drink license may also hold a nonquota retail malt beverage package license.

(4) A nonquota retail malt beverage drink license shall not be issued to any premises from which gasoline and lubricating oil are sold or from which the servicing and repair of motor vehicles is conducted, unless there is maintained in inventory on the premises for sale at retail not less than five thousand dollars (\$5,000) of food, groceries, and related products valued at cost. For purposes of this subsection, the term "food and groceries" has the meaning provided in Section 71 of this Act. This section shall not apply to any licensed premises that sells no fuel other than marine fuel.

➔Section 44. KRS 243.020 is amended to read as follows:

(1) A person shall not do any act authorized by any kind of license with respect to the

1 manufacture, storage, sale, purchase, transporting, or other traffic in alcoholic
2 beverages unless he or she holds the kind of license that authorizes the act.

3 (2) The holding of any permit from the United States government to traffic in alcoholic
4 beverages without the corresponding requisite state and local licenses shall in all
5 cases raise a rebuttable presumption that the holder of the United States permit is
6 unlawfully trafficking in alcoholic beverages.

7 (3) Except as provided in KRS 243.036 and~~[,]~~ 243.260~~[, and 243.290]~~, a person,
8 conducting a place of business patronized by the public, who does not hold a license
9 to sell distilled spirits, wine, or malt beverages, shall not permit any person to sell,
10 barter, loan, give away, or drink distilled spirits, wine, or malt beverages on the
11 premises of his or her place of business.

12 (4) Any distilled spirits or wine in excess of three (3) gallons (twelve (12) liters) shall
13 not be stored or kept except upon the licensed premises of a person who is the
14 holder of a license provided for in KRS 243.030.

15 (5) In a moist territory, the only types of licenses that may be issued are those that
16 directly correspond with the types of sales approved by the voters through moist
17 elections within the territory, unless otherwise specifically authorized by statute.

18 ➔Section 45. KRS 243.030 is amended to read as follows:

19 The following kinds of distilled spirits and wine licenses may be issued by the director of
20 the Division of Distilled Spirits, the fees for which shall be:

- | | | | |
|----|-------------------------------|--|---|
| 21 | (1) | Distiller's license, per annum | <u>\$3,090.00</u> [\$2,500.00] |
| 22 | (2) | Rectifier's license, per annum | <u>\$2,580.00</u> [\$2,500.00] |
| 23 | (3) | <u>Winery</u> Blender's license, per annum | \$2,500.00 |
| 24 | (4) | Vintner's license, per annum | <u>\$1,030.00</u> [\$1,000.00] |
| 25 | (4) (5) | Small farm winery license, per annum | <u>\$110.00</u> [\$100.00] |
| 26 | (a) | Small farm winery off-premises retail license, per annum | <u>\$30.00</u> [\$25.00] |
| 27 | (5) (6) | Wholesaler's license, per annum | <u>\$2,060.00</u> [\$2,000.00] |

1 ~~(6)~~~~(7)~~ **Quota** retail package license, per annum[=

2 ~~(a) In counties containing cities of the first class or a consolidated local~~
3 ~~government] ~~\$570.00~~~~\$800.00~~~~

4 ~~(b) In counties containing cities of the second class \$700.00~~

5 ~~(c) In counties containing cities of the third class \$600.00~~

6 ~~(d) In counties containing cities of the fourth class \$500.00~~

7 ~~(e) In all other counties \$400.00]~~

8 ~~(7)~~~~(8)~~ **Quota** retail drink license[, motel drink license, restaurant drink license, or
9 supplemental bar license], per annum[=

10 ~~(a) In counties containing cities of the first class or a consolidated local~~
11 ~~government] ~~\$620.00~~~~\$1,000.00~~~~

12 ~~(b) In counties containing cities of the second class \$700.00~~

13 ~~(c) In counties containing cities of the third class \$600.00~~

14 ~~(d) In counties containing cities of the fourth class \$500.00~~

15 ~~(e) The fee for each of the first five (5) supplemental bar licenses shall be the~~
16 ~~same as the fee for the drink license. There shall be no charge for each~~
17 ~~supplemental license issued in excess of five (5) to the same licensee at the~~
18 ~~same premises.]~~

19 ~~(8)~~~~(9)~~ Transporter's license, per annum ~~\$210.00~~~~\$100.00~~

20 ~~(10) Dining car license, per annum \$100.00]~~

21 ~~(9)~~~~(11)~~ Special nonbeverage alcohol[~~vendor's~~] license, per annum ~~\$60.00~~~~\$50.00~~

22 ~~(12) Special industrial alcohol license, per annum \$50.00~~

23 ~~(13) Special nonindustrial alcohol license, per annum \$50.00]~~

24 ~~(10)~~~~(14)~~ Special agent's or solicitor's license, per annum ~~\$30.00~~~~\$25.00]~~

25 ~~(11)~~~~(15)~~ Special storage or warehouse license and]Bottling house **or bottling house**

26 storage license,

27 per annum ~~\$1,030.00~~~~\$500.00]~~

1	(12) (16) Special temporary [liquor] license, per event	<u>\$90.00</u> [\$100.00]
2	(17) Special private club license, per annum	\$300.00
3	The fee for each special private club license shall be the fee set out in this subsection;	
4	however, there shall be no charge for each special private club license issued in excess of	
5	six (6) that is issued to the same licensee at the same premises.]	
6	(13) (18) Special Sunday retail drink license, per annum	<u>\$520.00</u> [\$500.00]
7	(19) Nonresident special agent or solicitor's license, per annum	\$100.00
8	(20) Transport permit, nonresident license, per annum	\$100.00
9	(21) Through transporter's license, per annum	\$100.00
10	(22) Freight forwarder's license, per annum	\$100.00
11	(23) Restaurant wine license, per annum	\$500.00
12	(24) Special temporary wine license, per event	\$50.00]
13	(14) (25) Caterer's license, per annum	<u>\$830.00</u> [\$800.00]
14	(26) Souvenir retail liquor license, per annum	\$500.00]
15	(15) (27) Special temporary distilled spirits and wine	
16	auction license, per event	<u>\$110.00</u> [\$100.00]
17	(28) Airport drink license, per annum	\$1,000.00
18	(29) Convention center or convention hotel complex	
19	— license, per annum	\$5,000.00]
20	(16) (30) Extended hours supplemental license, per annum	<u>\$2,060.00</u> [\$2,000.00]
21	(31) Horse race track license, per annum	\$2,000.00
22	(32) Automobile race track license, per annum	\$2,000.00
23	(33) Air or rail system license, per annum	\$2,000.00
24	(34) Riverboat license, per annum	\$1,000.00
25	(35) Bottling house license, per annum	\$1,000.00]
26	(17) (36) Hotel in-room license, per annum	<u>\$210.00</u> [\$200.00]
27	(37) Bonded warehouse license, per annum	\$1,000.00]

1	(18) (38)	Air transporter [liquor] license, per annum	\$520.00 [\$500.00]
2	(19) (39)	Sampling license, per annum.....	\$110.00 [\$100.00]
3	(20) (40)	Replacement or duplicate license	\$25.00
4	(21) (41)	Entertainment destination license, per annum	\$7,730.00 [\$7,500.00]
5	(22) (42)	(a) Limited restaurant license [or limited golf course license] , per annum	
6		[(includes distilled spirits, wine, and malt beverages), new applicants:	
7		1. In counties containing cities of the first class or a consolidated local	
8		government]	\$780.00 [\$1,200.00]
9		2. In counties containing cities of the second class	\$900.00
10		3. In counties containing cities of the third class	\$800.00
11		4. In counties containing cities of the fourth, fifth,	
12		or sixth classes	\$700.00
13		(b) Renewals for limited restaurant licenses or limited golf course licenses shall	
14		be \$50.00 less than the applicable licensing fee for new applicants.]	
15	(23)	Limited golf course license, per annum.....	\$720.00
16	(24) (43)	Small farm winery wholesaler's license, per annum	\$110.00 [\$100.00]
17	(25) (44)	Qualified historic site license (includes distilled spirits, wine, and malt	
18		beverages by	
19		the drink), per annum	\$1,030.00 [\$1,000.00]
20	(26)	Nonquota type 1 license, per annum.....	\$4,120.00
21	(27)	Nonquota type 2 license, per annum	\$830.00
22	(28)	Nonquota type 3 license, per annum	\$310.00
23	(29)	Distilled spirits and wine storage license, per annum	\$620.00
24	(30)	Out-of-state distilled spirits and wine supplier's license, per annum	\$1,550.00
25	(31)	Limited out-of-state distilled spirits and	
26		wine supplier's license, per annum.....	\$260.00
27	(32)	Micro out-of-state distilled spirits and	

1 wine supplier's license, per annum.....\$10.00

2 ~~(33)~~~~(45)~~ A nonrefundable fee of ~~sixty~~~~fifty~~ dollars ~~(\$60)~~~~(\$50)~~ shall be charged to
3 process each new transitional license pursuant to KRS 243.045.

4 ~~(34)~~~~(46)~~ Other special licenses the board finds necessary for the proper regulation and
5 control of the traffic in distilled spirits and wine and provides for by administrative
6 regulation. In ~~establishing~~~~fixing~~ the amount of license taxes that are required to
7 be fixed by the board, it shall have regard for the value of the privilege granted.

8 (35) The fee for each of the first five (5) supplemental bar licenses shall be the same
9 as the fee for the primary retail drink license. There shall be no charge for each
10 supplemental license issued in excess of five (5) to the same licensee at the same
11 premises.

12 A nonrefundable application fee of fifty dollars (\$50) shall be charged to process each
13 new application under this section, except for subsections (4), (8), (9), (10), (12), (15),
14 (19), and (20) of this section~~((5), (9), (11), (12), (13), (14), (16), (19), (20), (21), (22),~~
15 ~~(24), (27), (39), and (40))~~. The application fee shall be applied to the licensing fee if the
16 license is issued; otherwise it shall be retained by the department.

17 ➔ Section 46. KRS 243.0305 is amended to read as follows:

18 (1) ~~{A souvenir retail liquor license may be issued to }~~Any licensed Kentucky distiller
19 that is located in wet territory and that has a gift shop or other retail outlet on its
20 premises may conduct the activities permitted under this section as a part of its
21 distiller's license~~, if the distillery is located in wet territory. The application shall~~
22 ~~be made on forms provided by the board}.~~

23 (2) A wholesaler registered to distribute the brands of any distiller~~{holding a souvenir~~
24 ~~retail license}~~ may permit the distiller to deliver a souvenir package directly from
25 the distillery proper to the portion of the distillery premises operated by the licensee
26 for the sale of souvenir packages. However, all direct shipments shall be invoiced
27 from the distiller to the wholesaler and from the wholesaler to the distiller~~{souvenir~~

1 ~~package licensee~~, and all products directly shipped shall be included in the
 2 wholesaler's inventory and depletions for purposes of tax collections imposed
 3 pursuant to KRS 243.710 to 243.895 and 243.990.

4 (3) A distiller~~[who has obtained a souvenir retail license]~~ may sell souvenir packages
 5 at retail to distillery visitors of legal drinking age, in quantities not to exceed an
 6 aggregate of three (3) liters per visitor per day, with the exception of a purchase by a
 7 partnership, limited liability partnership, corporation, limited liability company, or
 8 other business entity holding an event on the premises of the distillery, in which
 9 case the limitation shall be one (1) liter per visitor attending the event. These sales
 10 shall be permitted only through the gift shop or other retail outlet on the distiller's
 11 premises.

12 (4) Hours of sale for~~[a]~~ souvenir **packages at** retail~~[liquor licensee]~~ shall be 9 a.m.
 13 until 9 p.m. prevailing time Monday through Saturday. The licensed premises may
 14 remain open if **it has**~~[they have]~~ a separate department pursuant to KRS 244.290(1).

15 (5) Except as provided in this section, souvenir **package sales**~~[retail liquor licenses]~~
 16 shall be governed by all the statutes and administrative regulations governing the
 17 retail sale of distilled spirits by the package.

18 (6) No wholesaler may restrict the sale of souvenir packages to the **distiller of**
 19 **origin**~~[souvenir retail liquor licensee]~~ exclusively, but shall make souvenir packages
 20 available to any Kentucky retail licensee licensed for the sale of distilled spirits by
 21 the package.

22 ➔Section 47. KRS 243.033 is amended to read as follows:

23 (1) A caterer's license may be issued as a supplementary license to a caterer that holds a
 24 **quota** retail package~~[liquor]~~ license~~[or a distilled spirits and wine by the]~~, **a quota**
 25 **retail** drink~~[retail]~~ license, **an NQ1 license, an NQ2 license**, or a limited restaurant
 26 license.

27 (2) The caterer's license may be issued as a primary license to a caterer in any wet

territory or in any moist territory established under Section 15 of this Act for the premises that serves as the caterer's commissary and designated banquet hall. No primary caterer's license shall be issued to a premises that operates as a restaurant. The alcoholic beverage stock of the caterer shall be kept under lock and key at the licensed premises during the time that the alcoholic beverages are not being used in conjunction with a catered function.

(3) The caterer's license shall authorize the caterer to:

(a) Purchase and store alcoholic beverages in the manner prescribed in KRS 243.250, 243.280, and 244.310;

(b) Transport, sell, serve, and deliver malt beverages by the drink at locations away from the licensed premises or at the caterer's designated banquet hall in conjunction with the catering of food and malt beverages for a customer and his or her guests, in:

1. Cities and counties established as moist territory~~[in which prohibition is not in effect]~~ under Section 14 of this Act~~[KRS 242.1244 or 242.185(6)]~~ if the receipts from the catering of food at any catered event are at least seventy percent (70%) of the gross receipts from the catering of both food and malt beverages; or

2. All other wet territory if the receipts from the catering of food at any catered event are at least thirty-five percent (35%) of the gross receipts from the catering of both food and malt beverages;

(c) Transport, sell, serve, and deliver distilled spirits and wine by the drink at locations away from the licensed premises or at the caterer's designated banquet hall in conjunction with the catering of food and alcoholic beverages for a customer and his or her guests, in:

1. Cities and counties established as moist territory~~[in which prohibition is not in effect]~~ under Section 14 of this Act~~[KRS 242.1244 or 242.185(6)]~~

- 1 if the receipts from the catering of food at any catered event are at least
 2 seventy percent (70%) of the gross receipts from the catering of both
 3 food and alcoholic beverages;
- 4 2. Cities of the fourth class and counties containing cities of the fourth
 5 class established as wet or moist territory permitting distilled spirits
 6 and wine drink sales by ordinance~~[in which prohibition is not in effect]~~
 7 under Section 31 of this Act~~[KRS 242.185(1) to (5)]~~ if the receipts from
 8 the catering of food at any catered event are at least fifty percent (50%)
 9 of the gross receipts from the catering of both food and alcoholic
 10 beverages; or
- 11 3. All other wet territory in which the sale of distilled spirits and wine by
 12 the drink is authorized if the receipts from the catering of food at any
 13 catered event are at least thirty-five percent (35%) of the gross receipts
 14 from the catering of both food and alcoholic beverages;
- 15 (d) Receive and fill telephone orders for alcoholic beverages in conjunction with
 16 the ordering of food for a catered event; and
- 17 (e) Receive payment for alcoholic beverages served at a catered event on a by-
 18 the-drink or by-the-event basis. The caterer may bill the host for by-the-
 19 function sales of alcoholic beverages in the usual course of the caterer's
 20 business.
- 21 (4) A caterer licensee shall not cater alcoholic beverages at locations for which retail
 22 alcoholic beverage licenses or special temporary licenses have been issued. A
 23 caterer licensee may cater a fundraising event for which a special temporary
 24 distilled spirits and wine auction license has been issued under Section 49 of this
 25 Act.
- 26 (5) A caterer licensee shall not cater distilled spirits and wine on Sunday except in
 27 territory in which the Sunday sale of distilled spirits and wine is permitted under the

1 provisions of KRS 244.290 and 244.295. A caterer licensee shall not cater malt
 2 beverages on Sunday except in territory in which the Sunday sale of malt beverages
 3 is permitted under the provisions of KRS 244.480.

4 (6) The location at which alcoholic beverages are sold, served, and delivered by a
 5 caterer, pursuant to this section, shall not constitute a public place for the purpose of
 6 KRS Chapter 222. If the location is a multi-unit structure, only the unit or units at
 7 which the function being catered is held shall be excluded from the public place
 8 provisions of KRS Chapter 222.

9 (7) The caterer licensee shall post a copy of his or her caterer's license at the location of
 10 the function for which alcoholic beverages are catered.

11 (8) The name and license numbers of the caterer shall be painted or securely attached,
 12 in a contrasting color, in a form prescribed by the board by promulgation of an
 13 administrative regulation, upon all vehicles used by the caterer to transport
 14 alcoholic beverages.

15 (9) All restrictions and prohibitions applying to a distilled spirits and wine quota retail
 16 drink licensee not inconsistent with this section~~[,]~~ shall apply to the caterer licensee.

17 (10) The caterer licensee shall maintain records as set forth in KRS 244.150 and in
 18 administrative regulations promulgated by the board.

19 ➔Section 48. KRS 243.035 is amended to read as follows:

20 In addition to the licenses prescribed by KRS 243.030, a bottling house license may be
 21 issued by the director of the Division of Distilled Spirits, upon payment of the fee set
 22 forth in KRS 243.030. The license may be issued only to persons who are authorized
 23 under this chapter to store or warehouse distilled spirits or wine. The bottling house
 24 license shall authorize the licensee to bottle distilled spirits on the premises designated in
 25 the license. The holder of a bottling house license may also hold a distilled spirits and
 26 wine~~[special]~~ storage~~[or warehouse]~~ license.

27 ➔Section 49. KRS 243.036 is amended to read as follows:

- 1 (1) A special temporary distilled spirits and wine auction license may be issued to a
2 charitable organization, upon the payment of the fee set forth in KRS 243.030 and
3 upon satisfaction of the requirements prescribed by administrative regulation
4 promulgated by the department.
- 5 (2) A special temporary distilled spirits and wine auction license shall authorize the
6 charitable organization to:
- 7 (a) Purchase, transport, receive, possess, store, sell, and deliver distilled spirits
8 and wine to be sold at auction in the manner prescribed by administrative
9 regulation promulgated by the department;
- 10 (b) Obtain distilled spirits and wine from distillers, rectifiers, wineries~~[vintners]~~,
11 wholesalers, distributors, retailers, or any other person, by gift or donation, for
12 the purpose of charity auctions in the manner prescribed by administrative
13 regulation promulgated by the department; and
- 14 (c) Receive payment for distilled spirits and wine sold at auctions in the manner
15 prescribed by administrative regulation promulgated by the department.
- 16 (3) Each distilled spirits and wine auction conducted by a charitable organization shall
17 be subject to all restrictions and limitations contained in KRS Chapters 241 to 244
18 and the administrative regulations issued under those chapters and shall be
19 authorized only on the days and only during the hours that the sale of alcoholic
20 beverages is otherwise authorized in the county or municipality.
- 21 (4) The location at which the distilled spirits and wine are auctioned under this section
22 shall not constitute a public place for the purpose of KRS Chapter 222. Distilled
23 spirits and wine auctions may be conducted on licensed or unlicensed premises. The
24 charitable organization possessing a special temporary distilled spirits and wine
25 auction license shall post a copy of the license at the location of the auction. During
26 this period not more than one (1) auction shall be held.
- 27 (5) A special temporary distilled spirits and wine auction license shall not be issued for

any period longer than thirty (30) days. During this period not more than one (1) auction shall be held.

(6) Notwithstanding any other provision of KRS Chapters 241 to 244, a distiller, rectifier, winery~~[vintner]~~, wholesaler, distributor, or retailer may donate, give away, or deliver any of its products to a charitable organization possessing a special temporary distilled spirits and wine auction license under this section.

(7) All restrictions and prohibitions applying to a distilled spirits and wine retail package and distilled spirits and wine by the drink license, not inconsistent with this section, shall apply to a special temporary distilled spirits and wine auction license.

➔ Section 50. KRS 243.037 is amended to read as follows:

(1) Except as where specifically authorized by statute, a retailer licensed to sell distilled spirits or wine by the drink shall only be permitted to sell or serve distilled spirits and wine by the drink at one (1) main bar, counter, or similar contrivance at the licensed premises.

(2) A retailer may have necessary service bars, if they are not located in any room in which the members or guests or patrons of the place are invited or permitted to come. No distilled spirits or wine shall be served at service bars.

(3) A supplemental bar license shall authorize the licensee to sell and serve distilled spirits and wine by the drink at retail~~[A supplemental bar license shall authorize the licensee to sell or serve distilled spirits or wine by the drink at retail for consumption on the licensed premises]~~ from an additional location other than the main bar~~[of an existing retail drink licensed premises]~~. A supplemental bar license is a nonquota license and shall not be transferable to other premises.

~~(4)~~~~(2)~~ A supplemental bar license shall not be issued unless:

(a) The licensee applies to the state distilled spirits director and meets all requirements for obtaining a supplemental bar license; and

(b) The licensee pays a fee identical to the fee for the primary license

1 authorizing retail distilled spirits and wine drink sales for each of up to five
 2 (5) supplemental bar licenses. There shall be no charge for each
 3 supplemental license issued in excess of five (5) to the same licensee at the
 4 same premises[the applicable license fee prescribed in KRS 243.030(8), (17),
 5 (23), (28), (34), or (42)].

6 ~~(5)(3)~~ A license authorizing retail malt beverage sales, by the drink or by the
 7 package, authorizes the licensee[authorized] to sell and serve malt beverages may
 8 sell and serve malt beverages at any location on the licensed premises without
 9 obtaining a supplemental bar license.

10 ➔Section 51. KRS 243.040 is amended to read as follows:

11 The following kinds of malt beverage licenses may be issued by the director of the
 12 Division of Malt Beverages, the fees for which shall be:

- | | | |
|----|--|---|
| 13 | (1) Brewer's license, per annum | <u>\$2,580.00</u> [\$2,500.00] |
| 14 | (2) Microbrewery license, per annum | <u>\$520.00</u> [\$500.00] |
| 15 | (3) Distributor's license, per annum | <u>\$520.00</u> [\$500.00] |
| 16 | (4) <u>Nonquota retail</u> malt beverage <u>package</u> [retail] license, per annum[: | |
| 17 | (a)—New applicants] | <u>\$210.00</u> [\$200.00] |
| 18 | (b)—Renewals | \$150.00 |
| 19 | (5)—Dining car license, per annum | \$200.00 |
| 20 | (6)—Transporter's license, per annum | \$100.00 |
| 21 | (7)—Special temporary license, per event | \$50.00 |
| 22 | (8)—Special off-premises retail storage license, per annum | \$100.00 |
| 23 | (9)—Distributor's storage, per annum | \$250.00 |
| 24 | (10)—Special beer transporter's license, per annum | \$100.00] |
| 25 | (5)(11) Brew-on-premises license, per annum | <u>\$520.00</u> [\$500.00] |
| 26 | (6)(12) Out-of-state <u>malt beverage supplier's</u> [brewer] license, | |
| 27 | per annum | <u>\$1,550.00</u> [\$1,500.00] |

- 1 ~~(7)~~~~(13)~~ Malt beverage storage~~[warehouse]~~ license, per annum \$260.00~~[\$1,000.00]~~
- 2 ~~(8)~~~~(14)~~ Replacement or duplicate license, per annum \$25.00
- 3 ~~(9)~~~~(15)~~ Limited out-of-state malt beverage supplier's~~[brewer]~~ license,
- 4 per annum \$260.00~~[\$250.00]~~

5 (10) Nonquota type 4 malt beverage drink license.....\$210.00

6 ~~{(16) Qualified historic site, per annum \$200.00}~~

7 (11) The holder of a nonquota retail malt beverage package license may obtain a

8 Nonquota type 4 malt beverage drink license for a fee of fifty dollars (\$50). The

9 holder of a Nonquota type 4 malt beverage drink license may obtain a nonquota

10 retail malt beverage package license for a fee of fifty dollars (\$50).

11 ~~(12)~~~~(17)~~ A nonrefundable fee of ~~sixty~~~~[fifty]~~ dollars (\$60)~~[(50)]~~ shall be charged to

12 process each new transitional license pursuant to KRS 243.045.

13 ~~(13)~~~~(18)~~ Other special licenses as the state board finds to be necessary for the

14 administration of KRS Chapters 241, 242, 243, and 244 and for the proper

15 regulation and control of the trafficking in malt beverages, as provided for by

16 administrative regulations promulgated by the state board.

17 Applicants for special licenses provided for under the authority granted in subsection (9)

18 of this section~~[(15)]~~ may be exempt from so much of the provisions of subsection (1)(f)

19 of KRS 243.100 set out in administrative regulations promulgated by the board. A

20 nonrefundable application fee of fifty dollars (\$50) shall be charged to process each new

21 application for a license under this section~~[except for subsections (6), (7), (10), and (14)]~~.

22 The application fee shall be applied to the licensing fee if the license is issued, or

23 otherwise the fee shall be retained by the department.

24 ➔Section 52. KRS 243.042 is amended to read as follows:

25 (1) A qualified historic site license may be issued to any establishment meeting the

26 criteria established in Section 1 of this Act~~[KRS 241.010(34)]~~ as long as the

27 establishment is within:

- 1 (a) Any wet territory~~[- not under the provisions of KRS 242.190 to 242.430];~~ or
- 2 (b) Any precinct that has authorized the sale of alcoholic beverages under KRS
- 3 242.1242.
- 4 (2) A qualified historic site license shall authorize the licensee to:
- 5 (a) Sell distilled spirits, wine, and malt beverages by the drink at one (1) or more
- 6 permanent or nonpermanent locations on the premises over which the
- 7 licensee, by lease or ownership, has exclusive control without obtaining
- 8 additional supplemental bar licenses prescribed by KRS 243.037~~[- and~~
- 9 244.330];
- 10 (b) Sell distilled spirits, wine, and malt beverages by the drink to patrons at public
- 11 or private functions held on the premises; and
- 12 (c) Purchase and store alcoholic beverages in the manner prescribed in KRS
- 13 243.250, 243.280, and 244.310.
- 14 (3) Nothing in this section exempts the holder of a qualified historic site license from
- 15 the provisions of KRS Chapters 241, 242, 243, and 244, or from any rules of the
- 16 board as established by administrative regulations, except as expressly stated in this
- 17 section.

18 ➔SECTION 53. KRS 243.050 IS REPEALED AND REENACTED TO READ

19 AS FOLLOWS:

20 **(1) Where it is determined by the department to be in the best interest of promoting**

21 **tourism, conventions, and the economic development of Kentucky or any part**

22 **thereof, the department may issue an extended hours supplemental license for the**

23 **retail sale of alcoholic beverages by the drink to the holder of an NO1 retail drink**

24 **license or a qualified historic site license. The department may, by administrative**

25 **regulation or special conditions of an extended hours supplemental license,**

26 **establish the days when the supplemental license will be valid, including Sundays**

27 **after 1 p.m., and establish such restrictions on the use of the license as will**

ensure that it will be primarily for the benefit of the convention business, the horse racing industry, passengers at large commercial airports and rail systems, the automobile racing industry, and qualified historic sites.

(2) (a) A licensee located in territory which has authorized Sunday retail distilled spirits and wine drink sales under Section 91 or 92 of this Act, either by local option election or by local government ordinance, shall obtain a Sunday retail drink license in order to sell distilled spirits and wine on Sunday.

(b) A retail licensee holding a Sunday retail drink license is authorized to remain open and sell distilled spirits and wine by the drink for consumption on the premises only during those times and hours permitted by local government ordinance.

➔ Section 54. KRS 243.060 is amended to read as follows:

(1) The fiscal court of each county or a consolidated local government in which traffic in alcoholic beverages is not prohibited under KRS Chapter 242 may impose license fees for the privilege of trafficking in alcoholic beverages. These licenses may be issued by the county or consolidated local government administrator. The license fees are subject to the provisions of subsections (2) to (6) of this section, and shall not exceed the following:

(a) Quota retail package license[licenses], per annum:

1. In counties containing ~~cities of the first class or~~ a consolidated local government \$1,200.00
2. ~~In counties containing cities of the second class~~ \$1,000.00
3. ~~In counties containing cities of the third class~~ \$800.00
4. ~~In counties containing cities of the fourth class~~ \$600.00
5. ~~In all other counties~~ \$1,000.00~~[\$400.00]~~

(b) Quota retail drink license~~[- motel drink license, restaurant drink license, or~~

1 supplemental bar license], per annum:

2 1. In counties containing~~[cities of the first class or]~~ a consolidated local
3 government\$1,600.00

4 2. In ***all other*** counties~~[containing cities of the second class]~~\$1,000.00

5 ~~[3. In counties containing cities of the third class\$800.00~~

6 ~~4. In counties containing cities of the fourth class\$600.00]~~

7 (c) ***Nonquota type 2 retail drink license (includes distilled spirits, wine, and***
8 ***malt beverages), per annum:***

9 ***1. In counties containing a consolidated local government.....\$1,800.00***

10 ***2. In all other counties.....\$1,000.00***

11 (d) ***Nonquota type 3 retail drink license (includes distilled spirits, wine, and***
12 ***malt beverages), per annum.....\$300.00***

13 (e) Special temporary~~[liquor]~~ license, per event:

14 1. In counties containing~~[cities of the first class or]~~ a consolidated local
15 government\$266.66

16 2. In ***all other*** counties~~[containing cities of the second class]~~\$166.66

17 ~~[3. In counties containing cities of the third class\$133.34~~

18 ~~4. In counties containing cities of the fourth class\$100.00~~

19 ~~(d) Restaurant wine license, per annum:~~

20 ~~1. New applicants\$600.00~~

21 ~~2. Applicants for renewal\$400.00~~

22 ~~(e) Special temporary wine license, per event\$50.00]~~

23 ~~(f)[Special private club license, per annum\$300.00~~

24 ~~(g)] Special Sunday retail drink license, per annum\$300.00~~

25 ~~(g)](h) ***Nonquota*** retail malt beverage ***package*** license, per annum[:~~

26 ~~1. New applicants]\$400.00~~

27 ~~[2. Applicants for renewal\$150.00]~~

1 **(h) Nonquota type 4 retail malt beverage drink license, per annum.....\$400.00**

2 (i) ~~Special temporary malt beverage license, per event\$25.00~~

3 ~~(j) 1. Limited restaurant license [or limited golf course license, per annum]~~

4 (includes distilled spirits, wine, and malt beverages), **per annum** ~~[new~~
5 ~~applicants]~~:

6 **1. [a.] In counties containing [cities of the first class or] a consolidated local**

7 **government \$2,000.00**

8 **2. [b.] In *all other* counties [containing cities of the second class]**

9 **\$1,400.00**

10 ~~[c. In counties containing cities of the third class\$1,200.00~~

11 ~~d. In counties containing cities of the fourth, fifth,~~

12 ~~or sixth class\$1,000.00~~

13 ~~2. Renewals for limited restaurant licenses or limited golf course licenses~~

14 ~~are \$250.00 less than the applicable licensing fee for new applicants.]~~

15 **(i) Limited golf course license (includes distilled spirits, wine, and malt**
16 **beverages), per annum:**

17 **1. In counties containing a consolidated local government.....\$2,000.00**

18 **2. In all other counties.....\$1,400.00**

19 (2) **The fee for the following license types may not be increased by more than five**

20 **percent (5%) above the January 1, 2013, fee for the current license or the former**

21 **license type listed beside it, during any five (5) year period. The fees for the**

22 **licenses described in this subsection are still subject to the maximum amounts**

23 **listed for those licenses in subsection (1) of this section:**

24 **(a) Quota retail package license: retail package liquor license;**

25 **(b) Quota retail drink license: retail drink license;**

26 **(c) Nonquota type 2 retail drink license: restaurant drink license;**

27 **(d) Nonquota retail malt beverage package license: retail malt beverage license;**

1 (e) Nonquota type 4 retail malt beverage drink license: retail malt beverage
 2 license;

3 (f) Limited restaurant license; and

4 (g) Limited golf course license.

5 (3) The fee for each of the first five (5) supplemental bar licenses shall be the same
 6 as the fee for the primary drink license. There shall be no charge for each
 7 supplemental license issued in excess of five (5) to the same licensee at the same
 8 premises.

9 (4) The holder of a nonquota retail malt beverage package license may obtain a
 10 Nonquota type 4 malt beverage drink license for a fee of fifty dollars (\$50). The
 11 holder of a Nonquota type 4 malt beverage drink license may obtain a nonquota
 12 retail malt beverage package license for a fee of fifty dollars (\$50).

13 (5) Any amount paid to any city within the county as a license fee for the same
 14 privilege for the same year may be credited against the county license fee.

15 ~~(6){(3)}~~ If any part of this section is held invalid, all of this section and of KRS
 16 243.600 shall also be considered invalid.

17 ➔Section 55. KRS 243.070 is amended to read as follows:

18 (1) The legislative body of any city or a consolidated local government in which traffic
 19 in alcoholic beverages is not prohibited under KRS Chapter 242 may impose license
 20 fees for the privilege of manufacturing and trafficking in alcoholic beverages. Only
 21 those licenses set out in this section shall be issued.~~[, and]~~ The license fees are
 22 subject to the provisions of subsections (16), (17), and (18) of this section, and~~[fee~~
 23 ~~for each]~~ shall not exceed the amounts specified in subsections (2) to (15) of this
 24 section.~~[amount:]~~

25 ~~(2){(1)}~~ Distilled spirit licenses as set forth in KRS 243.030:

26 (a) Distiller's license, per annum\$500.00

27 (b) Rectifier's license, per annum\$3,000.00

- 1 (c)[~~Blender's license, per annum\$3,000.00~~
- 2 (d)} Wholesaler's distilled spirits and wine license, per annum\$3,000.00
- 3 (d){(e)} **Quota**[~~Distilled spirits and wine~~] retail package license, per annum:
- 4 1. In counties containing[~~cities of the first class or~~] a consolidated local
- 5 government\$1,200.00
- 6 2.[~~In counties containing cities of the second class\$1,000.00~~
- 7 3. ~~In counties containing cities of the third class\$800.00~~
- 8 4. ~~In counties containing cities of the fourth class\$600.00~~
- 9 5.} In all other counties **\$1,000.00**[~~\$400.00~~]
- 10 (3){(2)} **Quota**[~~Distilled spirits and wine~~] retail drink license[, ~~motel drink license,~~
- 11 ~~airport drink license, restaurant drink license, or supplemental bar license~~], per
- 12 annum:
- 13 (a) In counties containing[~~cities of the first class or~~] a consolidated local
- 14 government\$1,600.00
- 15 (b) In **all other** counties[~~containing cities of the second class~~]\$1,000.00
- 16 [(e) ~~In counties containing cities of the third class\$800.00~~
- 17 (d) ~~In counties containing cities of the fourth class\$600.00~~]
- 18 (4){(3)} [~~Distilled spirits and wine~~]Special temporary[~~liquor~~] license, per event:
- 19 (a) In counties containing[~~cities of the first class or~~] a consolidated local
- 20 government\$266.66
- 21 (b) In **all other** counties[~~containing cities of the second class~~]\$166.66
- 22 [(e) ~~In counties containing cities of the third class\$133.33~~
- 23 (d) ~~In counties containing cities of the fourth class\$100.00~~]
- 24 (5){(4)} **Nonquota type 1 retail drink license (includes distilled spirits, wine, and**
- 25 **malt beverages), per annum.....\$2,000.00**
- 26 (6) **Nonquota type 2 retail drink license (includes distilled spirits, wine, and malt**
- 27 **beverages), per annum:**

- 1 (a) In counties containing a consolidated local government.....\$1,800.00
- 2 (b) In all other counties.....\$1,000.00
- 3 (7) Nonquota type 3 retail drink license (includes distilled spirits, wine, and malt
4 beverages), per annum.....\$300.00
- 5 {Special temporary wine license, per event\$50.00}
- 6 ~~(8){(5)}~~ Distilled spirits and wine special temporary auction
- 7 license, per event\$200.00
- 8 ~~(9){(6)}~~ Special private club license, per annum\$300.00
- 9 ~~(7) Distilled spirits and wine }~~Special Sunday retail drink
- 10 license, per annum\$300.00
- 11 ~~(10){(8)}~~ Extended hours supplemental license, per annum\$2,000.00
- 12 ~~{(9) Nonresident special agent or solicitor's license, per annum\$40.00~~
- 13 ~~(10) Restaurant wine license, per annum:~~
- 14 ~~(a) New applicants\$600.00~~
- 15 ~~(b) Applicants for renewal\$400.00}~~
- 16 (11) Caterer's license, per annum\$800.00
- 17 ~~{(12) Riverboat license, per annum\$1,200.00~~
- 18 ~~(13) Horse race track license, per annum\$2,000.00~~
- 19 ~~(14) Convention center or convention hotel complex~~
- 20 ~~—— license, per annum\$2,000.00}~~
- 21 (12){(15)} Bottling house or bottling house[distilled spirits license or wine]
- 22 storage license, per annum\$1,000.00
- 23 ~~{(16) Automobile race track license, per annum\$2,000.00~~
- 24 ~~(17) Souvenir retail liquor license, per annum\$1,000.00}~~
- 25 (13){(18)} Malt beverage licenses as follows:
- 26 (a) Brewer's license, per annum\$500.00
- 27 (b) Microbrewery license, per annum\$500.00

- 1 (c) Malt beverage distributor's license, per annum\$400.00
- 2 (d) Nonquota retail malt beverage package license, per annum\$200.00
- 3 (e) Nonquota type 4 retail malt beverage drink license, per annum~~[Special~~
- 4 ~~temporary retail malt beverage license, per event]~~ \$200.00~~[\$25.00]~~
- 5 (f) Malt beverage brew-on-premises license, per annum\$100.00
- 6 ~~(14)~~~~(19)~~ Limited restaurant license~~[or limited golf course license, per annum]~~
- 7 (includes distilled spirits, wine, and malt beverages), per annum~~[new applicants]~~:
- 8 (a) In counties containing~~[cities of the first class or]~~ a consolidated local
- 9 government\$1,800.00
- 10 (b) In all other counties~~[containing cities of the second class]~~\$1,200.00
- 11 ~~[(c) In counties containing cities of the third class\$1,000.00]~~
- 12 (d) In counties containing cities of the fourth, fifth,
- 13 or sixth class\$800.00]
- 14 (15) Limited golf course license (includes distilled spirits, wine, and malt beverages),
- 15 per annum:
- 16 (a) In counties containing a consolidated local government.....\$1,800.00
- 17 (b) In all other counties.....\$1,200.00
- 18 (16) The fee for the following license types may not be increased by more than five
- 19 percent (5%) above the January 1, 2013, fee for the current license or the former
- 20 license type listed beside it, during any five (5) year period. The fees for the
- 21 licenses described in this subsection are still subject to the maximum amounts
- 22 listed for those licenses in subsections (2) to (15) of this section:
- 23 (a) Quota retail package license: retail package liquor license;
- 24 (b) Quota retail drink license: retail drink license;
- 25 (c) Nonquota type 1 retail drink license: convention center or convention hotel
- 26 complex license;
- 27 (d) Nonquota type 2 retail drink license: restaurant drink license;

(e) Nonquota retail malt beverage package license: retail malt beverage license;

(f) Nonquota type 4 retail malt beverage drink license: retail malt beverage license;

(g) Limited restaurant license; and

(h) Limited golf course license.

(17) The fee for each of the first five (5) supplemental bar licenses shall be the same as the fee for the primary drink license. There shall be no charge for each supplemental license issued in excess of five (5) to the same licensee at the same premises.

(18) The holder of a nonquota retail malt beverage package license may obtain a Nonquota type 4 malt beverage drink license for a fee of fifty dollars (\$50). The holder of a Nonquota type 4 malt beverage drink license may obtain a nonquota retail malt beverage package license for a fee of fifty dollars (\$50).

➔ Section 56. KRS 243.075 is amended to read as follows:

(1) Notwithstanding the provisions of KRS 243.070, in any city of the third or fourth class that is wet or moist through an election held under Section 15 of this Act~~in which the discontinuance of prohibition is effective by virtue of a local option election held in the manner prescribed in KRS Chapter 242 and in the case of fourth class cities, KRS 242.127 to 242.129],~~ the governing body of the city and the governing body of the county containing ~~a[the]~~ city of the third or fourth class is authorized to impose a regulatory license fee upon the gross receipts of each establishment therein licensed to sell alcoholic beverages. The regulatory license fee may be levied at the beginning of each budget period at a percentage rate as shall be reasonably estimated to fully reimburse the local government for the estimated costs of any additional policing, regulatory, or administrative expenses related to the sale of alcoholic beverages in the city and county. The regulatory license fee shall be in addition to any other taxes, fees, or licenses permitted by law, except:

~~(a)(1)~~ A credit against a regulatory license fee in a city shall be allowed in an amount equal to any licenses or fees imposed by the city pursuant to KRS 243.070; and

~~(b)(2)~~ In a county in which the city and county both levy a regulatory license fee, the county license fee shall only be applicable outside the jurisdictional boundaries of those cities which levy a license fee.

(2) Notwithstanding any limitations imposed on the city's or county's taxing or licensing power by Section 55 of this Act, a city or county that qualifies under Section 31 of this Act may by ordinance impose a regulatory license fee upon the gross receipts of each establishment located therein and licensed to sell distilled spirits, wine, or malt beverages by the drink for consumption on the premises. The regulatory license fee may be levied annually at a rate as shall be reasonably estimated to fully reimburse the city or county for the estimated costs for any additional policing, regulatory, or administrative related expenses. The regulatory license fee shall be in addition to any other taxes, fees, or licenses permitted by law, but a credit against the fee shall be allowed in an amount equal to any licenses or fees imposed by the city or county pursuant to Section 55 of this Act.

➔ Section 57. KRS 243.090 is amended to read as follows:

- (1) All licenses issued by the department, except special event ~~licenses,~~~~or~~ temporary licenses, **or licenses listed in subsection (4) of this section,** shall be valid for a period of no more than a year.~~[All licenses shall expire on June 30 of each year until the licensee is notified by the department that a renewal system with staggered dates has been implemented.]~~ The department shall promulgate administrative regulations establishing the year-round system for renewal of licenses. The system shall be designed to distribute the workload as uniformly as possible within the offices of the local administrators and the Department of Alcoholic Beverage

1 Control.

2 (2) When any person applies for a new license authorized~~[to be issued]~~ under KRS
 3 Chapters 241 to 244~~[243.020 to 243.670]~~, he or she shall be charged, if the license
 4 is issued, the full fee for the respective license if six (6) months or more remain
 5 before the license is due to be renewed and one-half (1/2) the fee if less than six (6)
 6 months remain before the license is due to be renewed. No abatement of license fees
 7 shall be permitted to any person who held a license of the same kind for the same
 8 premises in the preceding license period and who was actually doing business under
 9 the license during the last month of the preceding license period.

10 (3) The renewal by the department of the certificate or permit of any alcoholic beverage
 11 license shall not be construed to waive or condone any violation that occurred prior
 12 to the renewal and shall not prevent subsequent proceedings against the licensee.

13 (4) All alcoholic beverage producers, wholesalers, or distributors may obtain or
 14 renew their licenses for either a one (1) year term or a two (2) year term.

15 ➔Section 58. KRS 243.110 is amended to read as follows:

16 (1) Except as provided in subsection (2) of this section, each kind of license listed in
 17 KRS 243.030 shall be incompatible with every other kind listed in that section and
 18 no person or entity holding a license of any of those kinds shall apply for or hold a
 19 license of another kind listed in KRS 243.030.

20 (2) The holder of a quota retail package license may also hold~~[either]~~ a quota retail
 21 drink license, an NQ2 retail drink license, or a special nonbeverage~~[nonindustrial]~~
 22 alcohol license. The holder of a transporter's license may also hold a distilled spirits
 23 and wine~~[special]~~ storage~~[or warehouse]~~ license.~~[The holder of a wholesaler's~~
 24 ~~license may also hold a special nonbeverage alcohol vendor's license.]~~ The holder of
 25 a distiller's license may also hold a rectifier's license, a special
 26 nonbeverage~~[industrial]~~ alcohol license, or a winery~~[vintner's]~~ license~~[, and a~~
 27 ~~souvenir retail liquor license]~~. A commercial airline system or charter flight system

1 retail license, a commercial airline system or charter flight system transporter's
 2 license, and a retail drink license if held by a commercial airline or charter flight
 3 system may be held by the same person or corporation. **A Sunday retail drink**
 4 **license and supplemental license may be held by the holder of a primary license.**

5 (3) Any person may hold two (2) or more licenses of the same kind.

6 (4) A person or entity shall not evade the prohibition against applying for or holding
 7 licenses of two (2) kinds by applying for a second license through or under the name
 8 of a different person or entity. The state director shall examine the ownership and
 9 management of applicants, and shall deny the application for a license if the
 10 applicant is substantially interested in a person or entity that holds an incompatible
 11 license.

12 ➔ Section 59. KRS 243.120 is amended to read as follows:

13 A distiller's, rectifier's, or **winery**~~[vintner's]~~ license shall authorize the licensee to engage
 14 in the business of distiller, rectifier, or **winery**~~[vintner]~~ at the premises specifically
 15 designated in the license, to maintain aging warehouses, and to transport for himself or
 16 herself only any alcoholic beverage which he or she is authorized under the license to
 17 manufacture or sell. The licensee shall transport alcoholic beverages only by a vehicle
 18 operated by himself or herself, which has affixed to its sides at all times a sign of form
 19 and size prescribed by the state board, containing among other things the name and
 20 license number of the licensee. No distilled spirits or wine shall be transported on the
 21 same truck or vehicle with malt beverages, except by a common carrier, unless the owner
 22 of the truck or vehicle holds a distributor's license.

23 ➔ Section 60. KRS 243.130 is amended to read as follows:

24 (1) Sales and deliveries of distilled spirits and wine may be made at wholesale, and
 25 from the licensed premises only:

26 (a) By distillers to rectifiers, **wineries**~~[vintners]~~, holders of special nonbeverage
 27 alcohol licenses so far as they may make the purchases, or other distillers;

- 1 (b) By rectifiers to wineries~~[vintners]~~ or to distillers if distilled spirits sold to
2 distillers are packaged in retail containers;
- 3 (c) By wineries~~[vintners]~~ to rectifiers or other wineries~~[vintners]~~, or to the
4 holders of special nonbeverage alcohol licenses;
- 5 (d) By distillers, rectifiers, or wineries~~[vintners]~~ to wholesalers; or
- 6 (e) By distillers, rectifiers, or wineries~~[vintners]~~ for export out of the state.
- 7 (2) No distiller, rectifier, or winery~~[vintner]~~ shall sell or contract to sell, give away, or
8 deliver any alcoholic beverages to any person who is not authorized by the law of
9 the state of his or her residence, and of the United States government if located in
10 the United States, to receive and possess those alcoholic beverages. No distiller,
11 rectifier, or winery~~[vintner]~~ shall sell or contract to sell, give away, or deliver any of
12 his or her products to any retailer or consumer in Kentucky.
- 13 (3) Distillers may purchase distilled spirits only from other licensed distillers in this
14 state or in another state or province, but distillers may purchase from rectifiers
15 licensed in Kentucky, distilled spirits which are packaged in retail containers.
- 16 (4) Rectifiers may purchase distilled spirits and wine only from licensed distillers or
17 wineries~~[vintners]~~ in Kentucky, or from nonresident distillers or wineries~~[vintners]~~
18 authorized by the law of the state of their residence and by the United States
19 government, if the distillers or wineries~~[vintners]~~ are located in the United States, to
20 make the sales.
- 21 (5) Wineries~~[Vintners]~~ may purchase distilled spirits or wine only from licensed
22 distillers or wineries~~[vintners]~~ in Kentucky, or from nonresident distillers or
23 wineries~~[vintners]~~ authorized by law of the state of their residence, and by the
24 United States government if located in the United States, to make the sales.
- 25 (6) Nothing shall prohibit the purchase or sale of warehouse receipts by any person, but
26 this subsection does not authorize the owner of such a receipt to accept delivery of
27 any distilled spirits unless the owner is a person who is permitted by law to receive

1 the same.

2 ➔Section 61. KRS 243.154 is amended to read as follows:

3 (1) A small farm winery wholesaler's license shall authorize the licensee:

4 (a) To purchase, receive, store, or possess wine produced by small farm winery
5 licensees;

6 (b) To sell the wine at wholesale from the licensed premises only; and

7 (c) To transport from the licensed premises for himself or herself only any wine
8 produced by small farm winery licensees that the small farm winery
9 wholesaler's license authorizes him or her to sell.

10 (2) A small farm winery wholesaler licensed under this section shall:

11 (a) Transport the wine in the manner provided for manufacturers in KRS
12 243.120; and

13 (b) Transport the wine from a small farm winery's licensed premises or another
14 wholesaler's premises to the small farm winery wholesaler's premises.

15 (3) A small farm winery wholesaler licensed under this section shall not purchase,
16 receive, store, possess, sell, or transport wine or distilled spirits, except as provided
17 in this section, and shall comply with all provisions of the Kentucky Revised
18 Statutes applicable to wholesalers licensed under Section 45 of this Act~~KRS~~
19 ~~243.030(6)~~, to the extent the provisions are not inconsistent with this section.

20 (4) A small farm winery wholesaler licensed under this section shall be allowed to have
21 its licensed premises on or in the licensed premises of a small farm winery.

22 ➔Section 62. KRS 243.155 is amended to read as follows:

23 (1) Any in-state or out-of-state small farm winery may apply for a small farm winery
24 license. In addition to all other licensing requirements, an applicant for a small farm
25 winery license shall submit with its application a copy of the small farm winery's
26 federal basic permit and proof documenting its annual wine production. An out-of-
27 state winery shall submit additional documentation evidencing its resident state. As

part of the application process, an out-of-state winery shall publish its notice of intent, as required by KRS 243.360, in the Kentucky newspaper of highest circulation. The department shall promulgate administrative regulations establishing the form the documentation of proof of production shall take.

(2) A small farm winery license shall authorize the licensee to perform the following functions without having to obtain separate licenses, except that each small farm winery off-premises retail site shall be separately licensed:

- (a) Manufacture wines and bottle wines produced by that small farm winery;
- (b) Bottle wines produced by another small farm winery;
- (c) Serve on the premises or at small farm winery off-premise retail sites complimentary samples of wine produced by it in amounts not to exceed six (6) ounces per patron per day, if the small farm winery or its off-premise retail site is located in wet territory;
- (d) Sell by the drink or by the package on premises, at small farm winery off-premise retail sites, and at fairs, festivals, and other similar types of events, wine produced on the premises of the small farm winery or produced by a licensed small farm winery, at retail to consumers if all sales sites are located in wet territory;
- (e) Sell and transport wine produced on the premises of the small farm winery to wholesale license holders and small farm winery license holders;
- (f) Consume on the premises wine produced by the small farm winery or a licensed small farm winery and purchased by the drink or by the package at the licensed premises, if the small farm winery is located in wet territory; and
- (g) Ship to a customer wine produced by a small farm winery if:
 - 1. ~~The wine is purchased by the customer in person at the small farm winery;~~
 - 2. The wine is shipped by licensed common carrier; and

1 ~~2.~~^{3.} The amount of wine shipped is limited to two (2) cases per customer per
2 order~~[visit]~~.

3 (3) If a licensed small farm winery is located in a dry or moist territory, KRS 242.230
4 to 242.430 shall apply, unless a limited local option election is held in accordance
5 with Section 5 of this Act~~[the provisions of this subsection. A limited sale precinct~~
6 ~~election may be held in a precinct containing a licensed small farm winery or a~~
7 ~~proposed small farm winery located in a dry territory. The election shall be held in~~
8 ~~the same manner as prescribed by KRS 242.010 to 242.040 and 242.060 to 242.120.~~
9 ~~If the precinct contains a licensed small farm winery, the proposition to be voted on~~
10 ~~shall state, "Are you in favor of the sale of wine at the (name of the licensed small~~
11 ~~farm winery or wineries)?" If the precinct contains a proposed small farm winery or~~
12 ~~wineries, the proposition voted on shall state, "Are you in favor of the sale of wine~~
13 ~~at the (name of the proposed small farm winery or wineries)?"~~] If the proposition
14 under Section 5 of this Act is approved, a licensed small farm winery within the
15 precinct may sell wine in accordance with subsection (2) of this section.

16 (4) Other provisions of this chapter and KRS Chapter 244 notwithstanding, a small
17 farm winery license holder may also hold an NQ2 retail drink~~[a restaurant wine]~~
18 license and an NQ4~~[a]~~ retail malt beverage drink license ~~if~~^{if}~~[, provided]~~ the issuance
19 of these licenses is in connection with the establishment and operation of a
20 restaurant, hotel, inn, bed and breakfast, conference center, or any similar business
21 enterprise designed~~[the purpose of which is]~~ to promote viticulture, enology, and
22 tourism.~~[The retail malt beverage license issued under this subsection shall limit~~
23 ~~the licensee to the sale of malt beverages for consumption on the premises only.]~~

24 (5) This section shall not exempt the holder of a small farm winery license from the
25 provisions of KRS Chapters 241, 242, 243, and 244, nor from the administrative
26 regulations of the board, nor from regulation by the board at all premises licensed
27 by the small farm winery, except as expressly stated in this section.

1 (6) Nothing contained in this section shall exempt a licensed out-of-state winery from
 2 obeying the laws of its resident state.

3 (7) ~~{Any person previously licensed as a small or farm winery under this chapter prior~~
 4 ~~to January 1, 2007, shall hereby be authorized to conduct business as a small farm~~
 5 ~~winery licensee, until such time as the term of his or her small or farm winery~~
 6 ~~license expires. }~~Upon the **approval of the department**,~~{expiration of the term~~
 7 ~~remaining on his or her small or farm winery license, a licensee who is in good~~
 8 ~~standing shall be issued}~~ a small farm winery license **may be renewed**~~{as part of the~~
 9 ~~renewal process}~~ after **the licensee**~~{he or she}~~ submits to the department the
 10 winery's federal basic permit and proof of its annual wine production.

11 ➔SECTION 63. KRS 243.160 IS REPEALED AND REENACTED TO READ
 12 AS FOLLOWS:

13 **(1) A licensed wholesaler may purchase, receive, store, or possess distilled spirits and**
 14 **wine to sell at wholesale, from the licensed premises only, and to transport from**
 15 **the licensed premises for himself or herself only any alcoholic beverage that the**
 16 **wholesaler's license authorizes the licensee to sell. The wholesaler may transport:**

17 **(a) Beverages in the manner provided for manufacturers in Section 59 of this**
 18 **Act; and**

19 **(b) Distilled spirits and wine from a manufacturer's warehouse or from**
 20 **another licensed wholesaler's premises to his or her licensed premises, if**
 21 **consumer's spirits stamps have been properly affixed to the spirits or wine**
 22 **that the wholesaler transports.**

23 **(2) The holder of a wholesaler's license may sell his or her products to the holder of**
 24 **a special nonbeverage alcohol license.**

25 ➔Section 64. KRS 243.170 is amended to read as follows:

26 (1) A wholesaler may sell, deliver, and transport distilled spirits and wine at wholesale,
 27 and from the licensed premises only, to:

1 (a) Other wholesalers;~~[-]~~

2 (b) Retailers;or~~[-]~~

3 (c) A point out of the state to persons authorized by the law of the state of their
4 residence, and by the United States government if located in the United States,
5 to receive the distilled spirits and wine.

6 (2) A wholesaler may purchase distilled spirits and wine at wholesale from licensed
7 distillers, rectifiers, wineries,~~winners~~ or other wholesalers and from nonresidents
8 authorized by the law of the states of their residence, and by the United States
9 government if located in the United States, to make the sales. A wholesaler may not
10 transport distilled spirits and wine from any point to his or her own licensed
11 premises, except as provided in subsection (2)~~(4)~~ of KRS 243.200.

12 (3) No wholesaler shall sell or contract to sell, give away, or deliver any distilled spirits
13 or wine to any person in Kentucky who is not licensed to receive, possess,
14 distribute, or sell distilled spirits and wine, and no wholesaler~~in no event~~ shall~~he~~
15 ~~he~~ sell or contract to sell, give away, or deliver any distilled spirits or wine to any
16 consumer. This section does not permit sales or deliveries of distilled spirits in
17 Kentucky by licensed wholesalers to nonresidents who are not licensed by their own
18 states.

19 (4) A wholesaler may extend credit on distilled spirits and wine sold to retail licensees
20 for a period not to exceed thirty (30) days from the date of invoice, with the date of
21 invoice included in the total number of days. When the thirty (30) day period has
22 passed without payment in full, no wholesaler shall sell to the licensee except for
23 cash on delivery.

24 ➔Section 65. KRS 243.180 is amended to read as follows:

25 (1) A distributor's license shall authorize the licensee to:

26 (a) Purchase malt beverages from Kentucky breweries or from out-of-state
27 breweries or distributors licensed to do business by the state in which they are

1 located;[.]

2 **(b)** Import a non-United States brand malt beverage from an importer or
3 wholesaler registered with the Kentucky Department of Revenue;

4 **(c)** ***Sell his or her products to the holder of a special nonbeverage alcohol***
5 ***license;*** or

6 **(d)** Store malt beverages and to sell them only, from the licensed premises, to
7 other distributors, to licensed retailers, to any of its employees for home
8 consumption, and[also] to charitable or fraternal organizations holding group
9 meetings, picnics, or outings.

10 (2) A distributor shall transport malt beverages only by a vehicle owned, rented, or
11 leased and operated by **the distributor**[himself], which has affixed to its sides at all
12 times a sign of form and size prescribed by the state board, containing among other
13 things the name and license number of the licensee. No distilled spirits or wine shall
14 be transported on the same truck or vehicle with malt beverages, except by a
15 common carrier, unless the owner of such truck or vehicle holds a wholesaler's
16 license.

17 (3) A distributor's license must be obtained for each separate warehouse, agent,
18 distributor, broker, jobber, or place of business from which orders are received or
19 beverages are distributed unless it is a licensed brewery.

20 ➔Section 66. KRS 243.200 is amended to read as follows:

21 ~~(1)[A distilled spirits and wine transporter's license shall authorize the licensee to~~
22 ~~transport distilled spirits and wine to or from the licensed premises of any licensee~~
23 ~~under KRS 243.020 to 243.670 if both the consignor and consignee in each case are~~
24 ~~authorized by the law of the states of their residence to sell, purchase, ship or~~
25 ~~receive the alcoholic beverages.~~

26 ~~(2) A distilled spirits and wine transporter's license shall be issued only to persons~~
27 ~~authorized by proper certificate from the Department of Vehicle Regulation to~~

1 ~~engage in the business of common carrier.~~

2 (3)} No person except a railroad company or railway express company shall transport or
3 cause to be transported any distilled spirits or wine, unless expressly authorized to
4 do so by law.

5 (2){(4)} Distilled spirits and wine may be transported by the holder of any license
6 authorized~~[by KRS 243.030 from and]~~ to **transport distilled spirits and wine to**
7 **and from** express or freight depots~~[to]~~ and~~[from]~~ the **licensee's** premises~~[covered~~
8 ~~by the license of the person so transporting distilled spirits or wine]~~.

9 (3){(5)} A licensed alcoholic beverage store operator may move, within the same
10 county, alcoholic beverages from one of the operator's licensed stores to another
11 without a transporter's license. However, the licensed store operator shall keep and
12 maintain, in one (1) of his or her stores in that county, adequate books and records
13 of the transactions involved in transporting alcoholic beverages from one (1)
14 licensed store to another in accordance with standards established in administrative
15 regulations promulgated by the board. The records shall be available to the
16 department and the Department of Revenue upon request.

17 (4){(6)} Distilled spirits and wine may be transported by **any licensed retailer selling**
18 **distilled spirits or wine, by the package or by the drink,**~~[the holder of any retail~~
19 ~~package or drink license issued under KRS 243.030]~~ from the premises of a
20 licensed wholesaler to the licensed premises of the retail licensee. Any retailer
21 transporting alcoholic beverages under this subsection shall do so in a vehicle
22 marked in conformity with administrative regulations of the department. Both the
23 wholesaler and the retailer engaging in activity under this subsection shall be
24 responsible for maintaining records documenting the transactions.

25 ➔Section 67. KRS 243.230 is amended to read as follows:

26 (1) **Quota retail drink** licenses **and NO2 retail drink licenses**~~[to sell distilled spirits~~
27 ~~and wine by the drink for consumption on the premises]~~ may be issued only for

premises located within cities of the first, second, or third class, or elsewhere in counties containing a city of the first, second, or third class if those counties maintain an adequate police force under KRS 70.540 and 70.150 to 70.170.

(2) Notwithstanding subsection (1) of this section, an NQ2 retail drink license may be issued to a restaurant with seating for fifty (50) patrons at tables in any wet territory, but a license issued under this subsection shall only have the privileges of a license issued under subsection (3) of Section 41 of this Act.

(3) Notwithstanding subsection (1) of this section, quota retail drink licenses and NQ2 retail drink licenses~~[any other provision of law, a liquor by the drink license to sell distilled spirits and wine for consumption on the premises]~~ may be issued for premises located within a city of the fourth class in which the majority of votes cast in the most recent election held under KRS 242.127 and 242.129 were in favor of the proposition voted upon if the city has an adequate police force under KRS 95.710 and 95.760 to 95.787.

(4) Notwithstanding subsection (1) of this section, NQ2 retail drink licenses may be issued to qualifying premises located within a city of the fourth class, or in a county containing a city of the fourth class, if the city or county has enacted an economic hardship ordinance under Section 31 of this Act.

~~(5)~~~~(3)~~ Quota retail package licenses~~[to sell distilled spirits or wine by the package]~~ may be issued only for premises located within incorporated cities, or elsewhere in counties containing a city of the first, second, or third class if those counties maintain an adequate police force under KRS 70.540 and 70.150 to 70.170.

~~(6)~~~~(4)~~ Notwithstanding subsection ~~(5)~~~~(3)~~ of this section, the department~~[board]~~ may, after a field investigation, issue a quota retail package license to~~[sell distilled spirits and wine by the package at]~~ premises not located within any city if:

- (a) Substantial aggregations of population would otherwise not have reasonable access to a licensed vendor;

(b) The premises to be licensed under this subsection shall be used exclusively for the sale of distilled spirits and wine by the package and malt beverages, where applicable, and shall not be used in any manner, in connection with a dance hall, roadhouse, restaurant, store, or any other commercial enterprise, except as a drug store in which a registered pharmacist is employed.

~~(7)~~~~(5)~~ No quota retail package license or quota retail drink license for the sale of distilled spirits or wine shall be issued for any premises used as or in connection with the operation of any business in which a substantial part of the commercial transaction consists of selling at retail staple groceries or gasoline and lubricating oil.

→ Section 68. KRS 243.240 is amended to read as follows:

A quota~~[distilled spirits and wine]~~ retail package license shall authorize the licensee to purchase, receive, possess, and sell distilled spirits and wine at retail in unbroken packages only, and only for consumption off the licensed premises. Such a licensee shall purchase distilled spirits and wine in retail packages only and only from licensed wholesalers. The licensee~~[He]~~ may sell only to consumers and may make deliveries only at the premises designated in his or her license. The holder of a quota retail package license may also hold a nonquota retail malt beverage package license.

→ Section 69. KRS 243.250 is amended to read as follows:

A quota~~[distilled spirits and wine]~~ retail drink license shall authorize the licensee to purchase, receive, possess, and sell distilled spirits and wine at retail by the drink for consumption on the licensed premises. The licensee shall purchase distilled spirits and wine only from licensed wholesalers, and unless he or she also holds a quota retail package license, he or she shall not buy or possess distilled spirits or wine in containers smaller than two hundred (200) milliliters. A licensee may purchase wine in containers not smaller than one hundred (100) milliliters if the wine does not exceed fourteen percent (14%) alcohol by volume and the quota retail drink license is held by a restaurant

1 or private club which receives a minimum of fifty percent (50%) of its food and beverage
 2 income from the sale of food and has a minimum seating capacity of fifty (50) people at
 3 tables. A licensee may buy mixed drinks in containers of a capacity not smaller than three
 4 hundred fifty-five (355) milliliters if the mixed drinks contain a substantial proportion of
 5 carbonated water. A quota retail drink license shall not authorize the licensee to sell
 6 distilled spirits or wine by the package. The holder of a quota retail drink license may
 7 also hold a NQ4 retail malt beverage drink license.

8 ➔ Section 70. KRS 243.260 is amended to read as follows:

- 9 (1) A~~[-distilled spirits and wine]~~ special temporary license~~[-or a special temporary wine~~
 10 ~~license]~~ may be issued in wet territory to any regularly organized fair, exposition,
 11 racing association, or other party, when in the opinion of the board a necessity
 12 therefor exists. This license shall authorize the licensee to exercise the privileges of
 13 a quota~~[-distilled spirits and wine]~~ retail drink licensee and an NQ4 retail malt
 14 beverage drink licensee at designated premises for a specified and limited time, not
 15 to exceed thirty (30) days, and shall expire when the qualifying event ends~~[-;~~
 16 ~~except that the special temporary wine license shall apply to wine sales only]~~. All
 17 restrictions and prohibitions applying to a distilled spirits and wine quota retail
 18 drink licensee or an NQ4 retail malt beverage drink license shall apply also to a
 19 special temporary licensee.
- 20 (2) A nonprofit organization holding an NQ4~~[a]~~ retail malt beverage drink license may
 21 be issued a~~[-distilled spirits and wine]~~ special temporary license~~[-or a special~~
 22 ~~temporary wine license]~~ to sell distilled spirits and wine by the drink on the licensed
 23 premises for a specified and limited time, not to exceed ten (10) days. The
 24 temporary license may be issued in conjunction with any public or private event,
 25 including but not limited to weddings, reception, reunions, or similar occasions.
- 26 (3) The holder of a special temporary license may sell, serve, and deliver distilled
 27 spirits, wine, or malt beverages by the drink, for consumption at the event only in

a city of the first, second, or third class, or a county containing a city of the first, second, or third class, or a city of the fourth class approving retail distilled spirits and wine sales under Section 16 of this Act and KRS 242.129.

(4) The holder of a special temporary license may only sell, serve, and deliver wine or malt beverages by the drink, for consumption at an event located in all other cities and counties not identified in subsection (3) of this section.

(5) A special temporary license shall not be issued for an event held in moist territory where only limited alcoholic beverages drink sales have been approved through a moist local option election.

➔ Section 71. KRS 243.280 is amended to read as follows:

(1) A nonquota retail malt beverage package~~{retailer's}~~ license shall authorize the licensee to:

(a) Sell malt beverages at retail by the package from the licensed premises only for consumption off the licensed premises only; and

(b) ~~{to}~~ Purchase malt beverages only from a distributor.

(2) The holder of a quota retail package license under Section 68 of this Act may also obtain a license under this section.

(3) The holder of a nonquota retail malt beverage package license may also hold a NO4 retail malt beverage drink license.

(4) A nonquota retail malt beverage package~~{retailer's}~~ license shall not be issued to sell malt beverages at retail for any premises from which gasoline and lubricating oil are sold or from which the servicing and repair of motor vehicles is conducted, unless there is maintained in inventory on the premises for sale at retail not less than five thousand dollars (\$5,000) of food, groceries, and related products valued at cost.

~~(5){(3)}~~ The term "food and groceries" means:

(a) Any food or food product intended for human consumption except alcoholic

1 beverages, tobacco, hot foods, and hot food products prepared for immediate
2 consumption;

3 (b) Seeds and plants to grow food for personal consumption.

4 ~~(6)~~~~((4))~~ The provisions of this section shall not apply to any licensed premises which
5 sells no fuel other than marine fuel.

6 ➔Section 72. KRS 243.320 is amended to read as follows:

7 (1) A special **nonbeverage**~~[industrial]~~ alcohol license shall authorize the holder to
8 purchase alcohol **for nonbeverage purposes** only from the holder of a distiller's
9 license, **wholesaler's license**, or **distributor's**~~[special nonbeverage alcohol vendor's]~~
10 license and possess alcohol for use in the manufacture and sale of any of the
11 following products, when they are unfit for beverage purposes:

12 (a) Denatured alcohol produced, and sold pursuant to Acts of Congress and
13 regulations promulgated thereunder;

14 (b) Patent, proprietary, medicinal, pharmaceutical, antiseptic, and toilet
15 preparations;

16 (c) Flavoring extracts, syrups, and food products; and

17 (d) Scientific, chemical, mechanical, and industrial products.

18 (2) KRS Chapter 242 shall not prevent the issuance of special **nonbeverage**~~[industrial]~~
19 alcohol licenses to persons located in **dry or moist**~~[local option]~~ territory nor
20 prevent licensees from exercising the privileges granted in the license.

21 **(3) A special nonbeverage alcohol license may also be issued to any duly authorized**
22 **and bona fide hospital, museum, laboratory, charitable, educational, or similar**
23 **public or private institution, to a drug store employing a licensed pharmacist, or**
24 **to a licensed physician. The license shall authorize the licensee to purchase or**
25 **possess alcohol and to use it only for nonbeverage purposes.**

26 **(4) The holder of a special nonbeverage alcohol license may produce, possess, and**
27 **use alcohol in the manufacture of ethanol if the holder also holds a basic permit**

1 *from the applicable federal agency authorizing ethanol production.*

2 ➔Section 73. KRS 243.340 is amended to read as follows:

3 *(1)* A special agent's or solicitor's license may be issued to a duly authorized
 4 representative, employee, or agent of, or solicitor for a distiller, rectifier,
 5 *winery*~~[vintner]~~, or wholesaler licensed in Kentucky or by the state of his *or her*
 6 residence and by the United States if a resident therein. The license shall authorize
 7 the licensee to offer for sale and to solicit orders for the sale of any alcoholic
 8 beverage sold by a distiller, rectifier, *winery*~~[vintner]~~, or wholesaler who is licensed
 9 in Kentucky or who is a nonresident. The license shall set forth the name, address,
 10 and, unless the vendor is a nonresident, the license numbers of the vendors the agent
 11 or solicitor represents, as well as the name, address, and license number of the agent
 12 or solicitor. An agent or solicitor shall not represent any vendor or licensee whose
 13 name does not appear upon the license or the application for the license.

14 *(2) A special agent's or solicitor's license may be issued to a nonresident of this state.*
 15 *The license shall authorize the nonresident to represent a manufacturer, winery,*
 16 *or wholesaler who is licensed by another state and by the federal government, if*
 17 *the nonresident has been issued a license by another state conferring privileges*
 18 *similar to a special agent's or solicitor's license authorized by subsection (1) of*
 19 *this section. If the state of residence of the applicant does not issue a similar*
 20 *license, the application filed with the department shall not be accepted without*
 21 *the approval of the alcoholic beverage control agency of the state of the*
 22 *applicant's residence.*

23 ➔Section 74. KRS 243.360 is amended to read as follows:

24 (1) Any person, corporation, partnership, or any other entity, except an applicant for the
 25 same license for the same premises, or an applicant for an out-of-state *malt*
 26 *beverage supplier's*~~[brewer's]~~ license, *limited out-of-state malt beverage supplier's*
 27 *license, out-of-state distilled spirits and wine supplier's license, limited out-of-*

state distilled spirits and wine supplier's license, supplemental bar license, extended hours supplemental license, a special agent or solicitor's license, a bonded warehouse license, a freight forwarding license, a storage warehouse license, an industrial alcohol license, a nonindustrial alcohol license, a storage warehouse license, a nonbeverage license, a vendor license, a transporter's license, a Sunday license, or a temporary drink license shall, before applying for a license under KRS 243.030 and 243.040, advertise by publication under KRS 424.130(1)(b) his or her intention to apply for a license.

(2) The notice shall conform in all material respects to the following requirements:

(a) The notice shall state: the name and address of the applicant if the applicant is an individual, the name and address of each partner and the name of the business and its address if the applicant is a partnership, and the name and address of each principal officer and director and the name and business address of the corporation if the applicant is a corporation;

(b) The notice shall specifically state the location of the premises for which the license is sought and the type of license being requested; and

(c) The notice shall state the date the application will be filed and shall contain the following statement: "Any person, association, corporation, or body politic may protest the granting of the license by writing the Department of Alcoholic Beverage Control, 1003 Twilight Trail, Suite A-2, Frankfort, Kentucky 40601, within thirty (30) days of the date of legal publication."

(3) Any protest received after the thirty (30) day period has expired shall not be considered a valid legal protest by the board.

➔Section 75. KRS 243.380 is amended to read as follows:

(1) Applications for distilled spirit and wine licenses provided for in KRS Chapters 241 to 244~~[243.030 and 243.050]~~ shall be made to the director of the Division of Distilled Spirits. Applications for malt beverage licenses provided for in KRS

Chapters 241 to 244~~[243.040]~~ shall be made to the director of the Division of Malt Beverages. **Applications for distilled spirits, wine, and malt beverage licenses provided for in KRS Chapters 241 to 244 shall be made to the director of the Division of Distilled Spirits and to the director of the Division of Malt Beverages.**

- (2) All applications shall be on forms furnished by the department. They shall be verified and shall set forth in detail **all**~~[such]~~ information concerning the applicant and the premises **submitted for licensing**~~[for which the license is sought]~~ as the board **requires** by **administrative** regulation~~[requires]~~. Each application shall be accompanied by payment. Payment of the license fee may be by certified check, cash, a postal or express money order, or any other method of payment approved in writing by both the Finance and Administration Cabinet and the Office of the State Treasurer. Promptly upon receipt **of the payment**~~[thereof]~~ the board shall pay **it**~~[the same]~~ into the State Treasury, giving the Department of Revenue copies of the pay-in vouchers and **any**~~[such]~~ other supporting data as the Department of Revenue **requires**~~[may require]~~ for revenue control purposes.

(3) A business entity that owns more than two (2) licensed premises shall initially submit common information about ownership, officers, directors, managerial employees, and shall provide current criminal background checks once for all separately licensed premises in one (1) master file. Any business qualifying under this subsection shall only be required to amend its master file information for material changes under KRS 243.390(2) or ownership transfers under KRS 243.630.

➔Section 76. KRS 243.480 is amended to read as follows:

- (1) Upon proceedings for the revocation of any license under KRS 243.520, the Alcoholic Beverage Control Board, or the local alcoholic beverage administrator, may in its or his or her discretion order a suspension of the license for any cause for which it may, but is not required to, revoke the license under the provisions of KRS

243.490 and 243.500. However, the licensee may have the alternative, subject to the approval of the Alcoholic Beverage Control Board or the local alcoholic beverage administrator, to pay in lieu of part or all of the days of any suspension period, a sum as follows: Distillers, rectifiers, wineries~~[vintners]~~, and brewers,~~[and blenders,]~~ one thousand dollars (\$1,000) per day; wholesale liquor licensees, four hundred dollars (\$400) per day; wholesale beer licensees, four hundred dollars (\$400) per day; retail licensees authorized to sell distilled spirits, wine, or beer by the package or drink, fifty dollars (\$50) per day; and all remaining licensees, fifty dollars (\$50) per day.

(2) Payments in lieu of suspension or for board-ordered agency server training, collected on a cost recovery basis, collected by the Alcoholic Beverage Control Board shall be deposited in the State Treasury and credited to the general expenditure fund. Payments in lieu of suspension collected by local alcoholic beverage administrators shall be deposited and used as local alcoholic beverage license tax receipts are deposited and used.

(3) In addition to or in lieu of a suspension of a license, the board may order a licensee to pay for and require attendance and completion by some or all of the licensee's alcoholic beverage servers in the department's server training program.

(4) Appeals from orders of suspension and the procedure thereon shall be the same as are provided for orders of revocation in KRS Chapter 13B.

➔Section 77. KRS 243.540 is amended to read as follows:

(1) The provisions of this section shall apply to any licensee who is unable to continue in business at the licensed premises because of an act of God; a casualty; an acquisition by a federal, state, city, or other governmental agency under the power of eminent domain granted to the government or agency; a voluntary or involuntary acquisition by any private corporation through the corporation's power of eminent domain; a loss of lease because the landlord fails to renew an existing lease; court

1 action; or other verifiable business reason.

2 (2) If a license issued by the department has been revoked, the former licensee may,
3 under the supervision of the state director, dispose of and transfer his or her stock to
4 another licensee if the disposition is completed within ninety (90) days and the
5 licensee is a distiller, rectifier, winery~~[vintner]~~, or brewer. The disposition shall be
6 completed within thirty (30) days if the licensee is a wholesaler or distributor or
7 within twenty (20) days if the licensee is a retailer.

8 (3) A retail licensee in good standing with the department who voluntarily ceases to
9 operate his or her business for any reason other than revocation by the board or a
10 court order shall dispose of all alcoholic beverage inventory within thirty (30) days
11 of the event. The following requirements shall apply to the disposition of the
12 licensee's inventory:

13 (a) If the premises is still open to the public and the licensee has not yet
14 surrendered the license, the licensee shall sell alcoholic beverages only to the
15 public and shall not sell below costs;

16 (b) If a licensee has terminated his or her business and has surrendered his or her
17 license to the department, he or she shall submit a written request for approval
18 from the state director within ten (10) days in advance of the sale to dispose of
19 the licensee's remaining inventory. The request shall identify the retailer who
20 is purchasing the inventory, the proposed date of the sale, and the quantity,
21 types, and brands of alcohol to be sold; and

22 (c) If a licensee has more than one (1) licensed retail premises and closes one (1)
23 or more retail premises and seeks to transfer his or her inventory to another
24 licensed retail premises he or she owns, he or she shall submit a request in
25 writing to the state director at least ten (10) days before the inventory is
26 transferred. The request shall identify the premises to which the alcohol is
27 being transferred, the proposed date of the transfer, and the quantity, types,

1 and brands of alcohol to be sold.

2 (4) If a retail licensee files for bankruptcy or is directed by a court to dispose of
3 inventory to satisfy a lien or judgment, the inventory may be sold only to a retail
4 alcoholic beverage licensee. The bankrupt licensee or the licensee subject to the
5 court order shall notify the department of the sale and shall attach a copy of the
6 court order or the judgment directing the sale and a list of the quantity, types, and
7 brands of alcohol to be sold. Any licensee who purchases the inventory shall notify
8 the department within five (5) days after the transfer of the specific inventory sold.

9 ➔Section 78. KRS 243.720 is amended to read as follows:

10 (1) (a) There is levied upon the use, sale, or distribution by sale or gift of distilled
11 spirits a tax of one dollar and ninety-two cents (\$1.92) on each wine gallon of
12 distilled spirits, and a proportional rate per gallon on all distilled spirits used,
13 sold, or distributed in any container of more or less than one (1) gallon, but
14 the rate of the excise tax on spirits in retail containers of one-half (1/2) pint
15 shall be twelve cents (\$0.12); and

16 (b) Notwithstanding the provisions of paragraph (a) of this subsection, distilled
17 spirits placed in containers for sale at retail, where the distilled spirits
18 represent six percent (6%) or less of the total volume of the contents of such
19 containers, shall be taxed at the rate of twenty-five cents (\$0.25) per gallon.

20 (2) There is levied upon the use, sale, or distribution by sale or gift of wine, a tax of
21 fifty cents (\$0.50) on each gallon of wine, and a proportional rate per gallon on the
22 wine used, sold, or distributed in any container of more or less than one (1) gallon,
23 but ~~in no event shall~~ the tax **shall not** be less than four cents (\$0.04) on the sale or
24 distribution of any retail container of wine.

25 (3) (a) There is levied upon the sale or distribution by sale or gift of malt beverages
26 an excise tax of two dollars and fifty cents (\$2.50) on each barrel of thirty-one
27 (31) gallons and a proportional rate per gallon on malt beverages sold or

1 distributed in any container of more or less than thirty-one (31) gallons;

2 (b) Each brewer producing malt beverages in this state shall be entitled to a credit
3 of fifty percent (50%) of the tax levied on each barrel of malt beverages sold
4 in this state, up to three hundred thousand (300,000) barrels per annum.

5 (4) This section shall not apply to:

6 (a) Wine manufactured, sold, given away, or distributed and used solely for
7 sacramental purposes; or

8 (b) Distilled spirits and wine purchased by holders of special licenses provided
9 for in KRS 243.320~~[-and 243.330]~~ and purchased and used in the manner
10 authorized by those licenses.

11 ➔Section 79. KRS 243.730 is amended to read as follows:

12 (1) (a) Wholesalers of distilled spirits and wine shall pay and report the tax levied by
13 KRS 243.720(1) and (2) on or before the twentieth day of the calendar month
14 next succeeding the month in which possession or title of the distilled spirits
15 and wine is transferred from the wholesaler to retailers or consumers in this
16 state, in accordance with rules and regulations of the Department of Revenue
17 designed reasonably to protect the revenues of the Commonwealth.

18 (b) Distributors or retailers of malt beverages, who purchase malt beverages
19 directly from a brewer, shall pay and report the tax levied by KRS 243.720(3)
20 on or before the twentieth day of the calendar month next succeeding the
21 month in which the brewer sells, transfers, or passes title of the malt beverage
22 to the distributor or retailer, in accordance with rules and regulations of the
23 Department of Revenue designed reasonably to protect the revenues of the
24 Commonwealth. The credit allowed brewers in this state, under the provisions
25 of KRS 243.720(3)(b), shall flow through to the distributor or retailer who
26 purchases malt beverages directly from the brewer. If a brewer sells, transfers,
27 or passes title to malt beverages to any of its employees for home

1 consumption or to any charitable or fraternal organization pursuant to the
2 provisions of KRS 243.150, the brewer shall be responsible for paying and
3 reporting the tax levied by KRS 243.720(3) in accordance with the provisions
4 of subsection (c) of this section.

5 (c) Every brewer selling, transferring, or passing title to malt beverages to any
6 person in this state other than a distributor or retailer, and every other person
7 selling, transferring, or passing title of distilled spirits, wine, or malt
8 beverages to distributors, retailers, or consumers shall report and pay the tax
9 levied by KRS 243.720(1), (2), or (3) on or before the twentieth day of the
10 calendar month next succeeding the month in which possession or title of
11 distilled spirits, wine, or malt beverages is transferred to a distributor, retailer,
12 or consumer in this state, in accordance with rules and regulations of the
13 Department of Revenue designed reasonably to protect the revenues of the
14 Commonwealth.

15 (d) Every distributor, retailer, or consumer possessing, using, selling, or
16 distributing distilled spirits, wine, or malt beverages in this state upon which
17 the tax levied by KRS 243.720(1), (2), or (3) and KRS 243.884 has not been
18 paid shall be jointly and severally liable for reporting and paying the tax due,
19 in accordance with rules and regulations of the Department of Revenue
20 designed reasonably to protect the revenues of the Commonwealth. Such
21 liability shall not be extinguished until the tax has been paid to the
22 Department of Revenue.

23 (e) Notwithstanding the provisions of paragraph (a) of this subsection, every
24 owner of a small farm winery shall pay and report the tax levied by KRS
25 243.720 (1) and (2) on a quarterly basis, in accordance with administrative
26 regulations of the Department of Revenue designed reasonably to protect the
27 revenues of the Commonwealth.

1 (2) Every wholesaler of distilled spirits or wine before using, selling, or distributing by
2 sale or gift distilled spirits and wine shall qualify with the Department of Revenue.

3 ~~[In order to so qualify, each wholesaler shall furnish to the Department of Revenue~~
4 ~~a certified copy of the bond required to be filed with the Department of Alcoholic~~
5 ~~Beverage Control under the provisions of KRS 243.400(2).]~~

6 (3) ~~[Notwithstanding the provisions of KRS 243.400(1),]~~Every brewer before selling
7 or distributing by sale or gift malt beverages, or before importing malt beverages
8 into the state, shall qualify with the Department of Revenue in such manner as the
9 Department of Revenue may require.

10 ~~[(4) The Department of Revenue shall have the power to require a bond from any other~~
11 ~~person liable for Kentucky distilled spirits, wine, or malt beverage taxes provided~~
12 ~~such person is not otherwise required to post a bond under the provisions of this~~
13 ~~section. The amount of the bond for persons liable for Kentucky distilled spirits or~~
14 ~~wine taxes shall be computed as provided in KRS 243.400(2). The amount of the~~
15 ~~bond for persons liable for Kentucky malt beverage taxes shall be in the minimum~~
16 ~~amount of one thousand dollars (\$1,000) or an amount equal to three (3) times the~~
17 ~~person's average monthly Kentucky malt beverage tax liability, whichever is greater.~~
18 ~~The bond shall be on a form prescribed by the Department of Revenue and have~~
19 ~~corporate surety registered by the Department of Insurance. The person liable for~~
20 ~~the tax shall be the principal obligor and the state the obligee. The bond shall be~~
21 ~~conditioned upon the prompt payment by the person to the Department of Revenue~~
22 ~~of all malt beverage taxes due, with penalties and interest.]~~

23 ➔Section 80. KRS 243.990 is amended to read as follows:

24 (1) Any person who, by himself or herself or acting through another, directly or
25 indirectly, violates any of the provisions of KRS 243.020 to 243.670, for which no
26 other penalty is provided, shall, for the first offense, be guilty of a Class B
27 misdemeanor; and for the second and each subsequent violation, he or she shall be

1 guilty of a Class A misdemeanor. The penalties provided for in this subsection shall
2 be in addition to the revocation of the offender's license.

3 (2) Any person who, by himself or herself or through another, directly or indirectly,
4 violates subsection (1) of KRS 243.020 shall, for the first offense, be guilty of a
5 Class B misdemeanor; for the second offense, he or she shall be guilty of a Class A
6 misdemeanor; and for the third and each subsequent offense, he or she shall be
7 guilty of a Class D felony.

8 (3) Any person who violates subsection (3) of KRS 243.020 shall be guilty of a
9 violation.

10 (4) Any person who violates KRS 243.620 with respect to a license issued under KRS
11 243.050 or Section 40 of this Act shall be guilty of a violation.

12 (5) Any person who violates any of the provisions of KRS 243.720 or 243.730 or any
13 regulation issued thereunder shall be guilty of a Class A misdemeanor.

14 (6) Any person who violates any provision of KRS 243.710 to 243.850 shall be subject
15 to the uniform civil penalties imposed pursuant to KRS 131.180.

16 (7) In every case, any tax imposed by KRS 243.710 to 243.720 which is not paid on or
17 before the due date shall bear interest at the tax interest rate as defined in KRS
18 131.010(6) from the due date until the date of payment.

19 (8) Any person who, by himself or herself or acting through another, directly or
20 indirectly, violates KRS 243.502(1) shall, for the first offense, be guilty of a Class B
21 misdemeanor, and for the second and each subsequent violation, he or she shall be
22 guilty of a Class A misdemeanor. The penalties provided for in this subsection shall
23 be in addition to the suspension or revocation of the offender's license.

24 (9) Any person who violates the provisions of KRS 243.897 shall be subject to a fine
25 not to exceed one thousand dollars (\$1,000).

26 ➡SECTION 81. A NEW SECTION OF KRS CHAPTER 244 IS CREATED TO
27 READ AS FOLLOWS:

(1) A person shall be immune from prosecution for the criminal offenses identified in subsection (2) of this section if:

(a) A law enforcement officer has contact with the person because the person:

1. Requests emergency medical assistance for himself or herself or another person;

2. Acts in concert with another person who requests emergency medical assistance; or

3. Appears to be in need of emergency medical assistance and is the individual for whom the request is made;

(b) The request is made for an individual who reasonably appears to be in need of medical assistance due to alcohol consumption; and

(c) The person described in paragraph (a) of this subsection, if physically capable:

1. Provides his or her own full name if requested by emergency medical assistance personnel or law enforcement officers;

2. Provides any other relevant information requested by the law enforcement officer that is known to such person;

3. Remains with, or is, the individual who reasonably appears to be in need of medical assistance due to alcohol consumption until professional emergency medical assistance is provided; and

4. Cooperates with emergency medical assistance personnel and law enforcement officers.

(2) A person who meets the qualifications set forth in subsection (1) of this section shall be immune from criminal prosecution for the following offenses:

(a) Alcohol intoxication under KRS 222.202(1);

(b) Drinking alcoholic beverages in a public place under KRS 222.202(2);

(c) Offenses related to possession of alcoholic beverages by a minor under

twenty-one (21) years of age under KRS 244.085; and

(d) Providing alcohol to minors under twenty-one (21) years of age or assisting minors under twenty-one (21) years of age to purchase alcohol under KRS 244.085 or 530.070.

➔Section 82. KRS 244.030 is amended to read as follows:

(1) No licensee under KRS Chapters 241 to 244~~[243.020 to 243.670]~~ shall employ any canvasser or solicitor for the purpose of receiving an order from a consumer for any alcoholic beverages at the residence or place of business of the consumer, nor shall any such licensee receive or accept any order that has been solicited or received at the residence or place of business of the consumer.

(2) Subsection (1) shall not prohibit the solicitation by a distiller, rectifier, brewer, or winery~~[vintner]~~ of an order from any wholesaler or distributor at the licensed premises of the wholesaler or distributor nor the solicitation by a wholesaler or distributor of an order from any retailer at the licensed premises.

➔Section 83. KRS 244.050 is amended to read as follows:

(1) No retail licensee shall give away any alcoholic beverage in any quantity or deliver it in any quantity for less than a full monetary consideration, except as provided by KRS 243.155, 243.157, and subsection (2) of this section.

(2) The holder of a quota retail drink license, a quota retail package license, an NO2 license, or a distillery license~~[A retailer licensed to sell distilled spirits and wine under KRS 243.030(7), (8), or (26)]~~ may, after acquiring a sampling license~~[under KRS 243.030(39)]~~, allow customers to sample distilled spirits and wine under the following conditions:

(a) Sampling shall be permitted only on licensed premises and by licensees holding a sampling license~~[, for licensees licensed under KRS 243.030(7), (8), or (26)]~~, during regular business hours;

(b) A licensee shall not charge for the samples provided to customers;

1 (c) Sample sizes shall not exceed:

- 2 1. One (1) ounce for wine; and
- 3 2. One-half (1/2) ounce for distilled spirits; and

4 (d) A licensee shall limit a customer to:

- 5 1. Two (2) distilled spirits samples per day; and
- 6 2. Six (6) wine samples per day.

7 (3) Retailers **holding a sampling license**~~[licensed under KRS 243.030(7) or (8)]~~ shall:

- 8 (a) Notify the Department of Alcoholic Beverage Control at least seven (7) days
- 9 in advance of conducting a sampling event; and
- 10 (b) Limit a sampling event to a period not to exceed four (4) consecutive hours
- 11 between 12 noon and 8 p.m.

12 ➔ Section 84. KRS 244.090 is amended to read as follows:

13 (1) A person holding any license under KRS **Chapters 241 to 244**~~[243.020 to 243.670]~~

14 shall not knowingly employ in connection with his or her business any person who:

15 (a) Has been convicted of any felony within the last two (2) years. The provisions

16 of this paragraph shall apply to any new applicant for a license issued under

17 this chapter after July 15, 1998, but shall not apply to renewals of licenses that

18 were originally issued prior to July 15, 1998, or supplemental licenses related

19 to an original license if the original license was issued prior to July 15, 1998;

20 (b) Has been twice convicted of any misdemeanor or offense directly or indirectly

21 attributable to the use of intoxicating liquors within the last two (2) years;

22 (c) Is under the age of twenty (20) years, unless the person is employed:

23 1. In a bottling house or room of a licensed distiller, **winery**~~[vintner]~~,

24 brewer, or rectifier;

25 2. In an office of a wholesaler or manufacturer that is maintained in a

26 building separate from the warehouses or factory or as provided in KRS

27 244.087; or

- 1 3. In any of the following establishments, if the employment is in a
 2 capacity that does not involve the sale or serving of alcoholic beverages:
- 3 a. A restaurant that derives at least fifty percent (50%) of its food and
 4 beverage sales from the sale of food for consumption on the
 5 licensed premises; or
- 6 b. Any other establishment with alcoholic beverage sales not
 7 exceeding fifty percent (50%) of its gross sales.
- 8 (d) Within two (2) years prior to the date of his employment, has had any license
 9 issued under KRS Chapters 241 to 244~~[243.020 to 243.670]~~ or under any
 10 other act or ordinance relating to the regulation of the manufacture, sale, or
 11 transportation of alcoholic beverages revoked for cause.
- 12 (2) The provisions of paragraphs (a) and (b) of subsection (1) of this section shall not
 13 apply if the employee's duties do not involve the sale, service, delivery, or traffic in
 14 alcoholic beverages at the licensed premises.
- 15 (3) Violation of this section shall subject both employer and employee to penalties
 16 provided in this chapter and shall be cause for revocation of license.
- 17 ➔Section 85. KRS 244.120 is amended to read as follows:
- 18 (1) A retail licensee, a patron, or the licensee's agents, servants, or employees~~[No~~
 19 ~~person licensed to sell alcoholic beverages at retail]~~ shall not cause, suffer, or
 20 permit the licensed premises to be disorderly.
- 21 (2) Acts which constitute disorderly premises consist of causing, suffering, or
 22 permitting patrons, the licensee, or the licensee's servants, agents, or employees to
 23 cause public inconvenience, annoyance, or alarm, or create~~[wantonly creating]~~ a
 24 risk through:
- 25 (a) Engaging in fighting or in violent, tumultuous, or threatening behavior;~~[or]~~
- 26 (b) Making unreasonable noise;~~[or]~~
- 27 (c) Refusing to obey an official order to disperse issued to maintain public safety

in dangerous proximity to a fire, hazard, or other emergency;~~{or}~~

(d) Creating a hazardous or physically offensive condition by any act that serves no legitimate purpose;

(e) Creating a public nuisance;

(f) Engaging in criminal activity that would constitute a capital offense, felony, or misdemeanor; or

(g) Failing to maintain the minimum health, fire, safety, or sanitary standards established by the state or a local government, or by state administrative regulations, for the licensed premises.

➔Section 86. KRS 244.167 is amended to read as follows:

(1) It is unlawful:

(a) For any distiller, rectifier, **winery**~~[vintner]~~, brewer, or importer to solicit, accept, or fill any order for any distilled spirits, wine, or malt beverage from any wholesaler or distributor in the Commonwealth of Kentucky unless the supplier is the primary source of supply for the brand of alcoholic beverage sold or sought to be sold.

(b) For any wholesaler, distributor, or any other licensee in this Commonwealth to order, purchase, or receive any alcoholic beverage from any supplier unless the supplier is the primary source of supply for the brand ordered, purchased, or received.

(c) For a retailer to order, purchase, or receive any distilled, vinous, or malt alcoholic beverage from any source other than any of the following:

1. A wholesaler or distributor who has purchased the brand from the primary source of supply.

2. A wholesaler or distributor who is the designated representative of the primary source of supply in this Commonwealth and who has purchased the alcoholic beverage from the designated representative of the primary

1 source of supply within or without this Commonwealth.

2 (d) For alcoholic beverages to be transported from a wholesaler's or distributor's
3 warehouse within twenty-four (24) hours of the time they are unloaded.

4 (2) The Department of Alcoholic Beverage Control may suspend for a period not to
5 exceed one (1) year the license of any wholesaler, distributor, or retailer who
6 violates the provisions of this section.

7 (3) Upon determination by the Department of Alcoholic Beverage Control that a
8 primary source of supply has violated the provisions of this section, no wholesaler,
9 distributor, or retailer may accept any shipment of alcoholic beverages from the
10 primary source of supply for a period of one (1) year.

11 (4) For the purposes of this section, "primary source of supply" or "supplier" means the
12 distiller, producer, brewer, owner of the commodity at the time it becomes a
13 marketable product, bottler, or authorized agent of the brand owner. In the case of
14 imported products, the primary source of supply means either the foreign producer,
15 owner, bottler, or agent of the prime importer from, or the exclusive agent in, the
16 United States of the foreign distiller, producer, bottler, or owner.

17 ➔Section 87. KRS 244.210 is amended to read as follows:

18 No person shall knowingly sell any alcoholic product intended for nonbeverage purposes
19 under KRS 243.320~~[or 243.330]~~, under circumstances from which he or she might
20 reasonably deduce the intention of the purchaser to use it for beverage purposes.

21 ➔Section 88. KRS 244.240 is amended to read as follows:

22 No distiller, rectifier, winery,~~[vintner]~~ or wholesaler and no employee, servant, or agent
23 of a distiller, rectifier, winery,~~[vintner]~~ or wholesaler shall:

24 (1) Be interested directly or indirectly in any way in any premises where distilled spirits
25 or wine is sold at retail or in any business devoted wholly or partially to the sale of
26 distilled spirits or wine at retail.

27 (2) Make or cause to be made any loan to any person engaged in the manufacture or

1 sale of distilled spirits or wine at wholesale or retail.

2 (3) Make any gift or render any kind of service whatsoever, directly or indirectly, to any
3 licensee under KRS 243.030 which in the sound judgment of the board may tend to
4 influence the licensee to purchase the product of the distiller, rectifier,
5 winery,~~[vintner]~~ or wholesaler.

6 (4) Enter into a contract with any retail licensee under KRS Chapters 241 to
7 244~~[243.020 to 243.670]~~ whereby the licensee agrees to confine his or her sales to
8 distilled spirits or wine manufactured or sold by one (1) or more such distillers,
9 rectifiers, wineries,~~[vintners]~~ or wholesalers. Such a contract shall be void.

10 ➔Section 89. KRS 244.250 is amended to read as follows:

11 No distiller, rectifier, winery,~~[vintner]~~ or wholesaler shall furnish or cause to be furnished
12 to any licensee any exterior or interior sign, printed, painted, electric or otherwise, except
13 as authorized by the administrative regulations of the board.

14 ➔Section 90. KRS 244.260 is amended to read as follows:

15 No wholesaler shall purchase, import, keep upon the licensed premises, or sell any
16 distilled spirits or wine in any container except in the original sealed package containing
17 quantities of not less than two hundred (200) milliliters each of distilled spirits or one
18 hundred (100) milliliters of wine, and not exceeding 1.75 liters of distilled spirits or two
19 hundred twenty (220) liters of wine, and fifty (50) milliliters of distilled spirits, as
20 received from the distiller, rectifier, winery,~~[vintner]~~, or wholesaler, as the case may be.
21 The containers shall at all times have affixed to them all labels~~[-as may be]~~ required by
22 the administrative regulations of the board, together with all necessary federal revenue
23 and state excise tax stamps.

24 ➔Section 91. KRS 244.290 is amended to read as follows:

25 (1) (a) A premises that is licensed to sell distilled spirits or wine at retail shall~~[-not]~~
26 be permitted to remain open during the hours the polls are open on any
27 primary, or regular, local option, or special~~[primary]~~ election day unless it is

1 located where the legislative body of a city of the first, second, third, or
 2 fourth class or an urban-county government, consolidated local
 3 government, charter county government, unified local government, or the
 4 fiscal court of a county containing a city of the first, second, third, or fourth
 5 class adopts an ordinance that prohibits the sale of distilled spirits and wine
 6 or limits the hours and times in which distilled spirits and wine may be sold
 7 within its jurisdictional boundaries on any primary, or regular, local option,
 8 or special election day [~~licensee provides a separate locked department in~~
 9 ~~which all stock of distilled spirits and wine are kept~~] during the hours the polls
 10 are open.

11 (b) This subsection shall only apply in a territory where prohibition is no
 12 longer in effect in whole or in part.

13 (c) Notwithstanding any other provision of the Kentucky Revised Statutes to the
 14 contrary, the fiscal court of a county containing a city of the first, second,
 15 third, or fourth class shall not by ordinance or any other means:

16 1. Supersede, reverse, or modify any decision made pursuant to this
 17 subsection by the legislative body of a city of the first, second, third, or
 18 fourth class within that county; or

19 2. Impose an action upon a city of the first, second, third, or fourth class
 20 within that county when that city has taken no formal action pursuant
 21 to this subsection.

22 (2) In any county containing a city of the first or second class in which the sale of
 23 distilled spirits and wine by the drink is permitted under KRS Chapter 242, an
 24 election on the question of permitting the sale of distilled spirits and wine by the
 25 drink on Sunday may be held as provided in KRS Chapter 242.

26 (3) Except as provided in KRS 243.050, a premise for which there has been granted a
 27 license for the sale of distilled spirits or wine at retail by the drink or by the package

1 shall not remain open for any purposes between midnight and 6 a.m. or at any time
 2 during the twenty-four (24) hours of a Sunday, unless:

3 (a) The licensee provides a separate locked department in which all stocks of
 4 distilled spirits and wine are kept during those times; or

5 (b) The legislative body of a city of the first, second, third, or fourth class or an
 6 urban-county government, consolidated local government, charter county
 7 government, unified local government, or the fiscal court of a county
 8 containing a city of the first, second, third, or fourth class, has otherwise
 9 established the hours and times in which distilled spirits and wine may be sold
 10 within its jurisdictional boundaries.

11 (4) In any county containing a city of the first, second, or third class or any city located
 12 therein in which the sale of distilled spirits and wine is permitted under KRS
 13 Chapter 242, the legislative body of the city or county may, by ordinance, permit the
 14 sale of distilled spirits and wine by the drink on Sunday from 1 p.m. until the
 15 designated closing hour of that locality at hotels, motels, or restaurants which:

16 (a) Have dining facilities with a minimum seating capacity of one hundred (100)
 17 people at tables; and

18 (b) Receive less than fifty percent (50%) of their annual food and beverage
 19 income from the dining facilities from the sale of alcohol.

20 (5) In any county containing a city of the first class or in any city located therein in
 21 which the sale of distilled spirits and wine is permitted under KRS Chapter 242, the
 22 distilled spirits director may issue a license to holders of a quota~~[distilled spirits and~~
 23 ~~wine]~~ retail drink~~[quota]~~ license or a special private club license which permits the
 24 sale of distilled spirits and wine by the drink on Sunday from 1 p.m. until the
 25 prevailing time for that locality.

26 (6) Any city of the fourth class or county containing a city of the fourth class which has
 27 enacted a comprehensive, regulatory ordinance relating to the licensing and

operation of hotels, motels, inns, or restaurants for the sale of alcoholic beverages by the drink under Section 31 of this Act~~[KRS 242.185(1)]~~, may also regulate and provide for the limited sale of distilled spirits and wine by the drink on Sundays if:

(a) The special~~[limited]~~ Sunday retail drink licenses are issued only to those hotels, motels, inns, or restaurants authorized to sell alcoholic beverages by the drink under Section 31 of this Act~~[KRS 242.185(3)]~~; and

(b) The licensed retailers selling~~[holders of]~~ distilled spirits and wine by the~~[retail]~~ drink~~[licenses]~~ have applied to the state director and meet all other legal requirements for obtaining a special~~[limited]~~ Sunday retail~~[liquor by the]~~ drink license.

(7) Notwithstanding any provision of the Kentucky Revised Statutes to the contrary, in any county containing an urban-county government, consolidated local government, charter county government, or unified local government where Sunday sales of distilled spirits and wine by the drink have been previously approved, the legislative body of the urban-county government, consolidated local government, charter county government, or unified local government may by ordinance extend Sunday sales to any premises licensed to sell distilled spirits and wine by the drink located within the territorial boundaries of the urban-county government, consolidated local government, charter county government, or unified local government and may by ordinance establish the hours such distilled spirits and wine by the drink may be sold.

➔Section 92. KRS 244.295 is amended to read as follows:

(1) In any county containing an urban-county government, a premises that has been granted a license for the sale of distilled spirits or wine at retail shall not be permitted to remain open for any purpose between midnight and 6 a.m., or at any time during the twenty-four (24) hours of a Sunday,~~[or during the hours the polls are open on any regular or primary election day]~~ unless the licensee provides a

1 separate department within his or her licensed premises capable of being locked
 2 and closed off, within which is kept all stocks of distilled spirits and wine, and all
 3 fixtures and apparatus connected with his or her business as a licensee, and the
 4 department is kept locked during the time mentioned above. The licensee shall be
 5 deemed to have complied with this section; except that the legislative body of an
 6 urban-county government in which traffic in distilled spirits and wine is permitted
 7 under KRS Chapter 242 shall have the exclusive right and power, by ordinance, to
 8 establish the hours and times in which distilled spirits and wine may be sold within
 9 its jurisdictional boundaries. Provided, however, distilled spirits or wine may not be
 10 sold in any portion of a county containing an urban-county government during the
 11 twenty-four (24) hours between 6 a.m. Sunday and 6 a.m. Monday, except as
 12 provided in subsections (2) and (3) of this section~~[-, and distilled spirits or wine may~~
 13 ~~not be sold on any election day while the polls are still open]~~; and provided, also,
 14 that all stocks of distilled spirits and wine shall~~[must]~~ be kept locked during the
 15 hours in which the licensee is prohibited from selling distilled spirits and
 16 wine~~[same]~~.

17 (2) In any county containing an urban-county government in which the sale of distilled
 18 spirits and wine is permitted under KRS Chapter 242, an election on the question of
 19 permitting the sale of distilled spirits and wine by the drink on Sunday may be held
 20 as provided in KRS 242.020 to 242.040 and 242.060 to 242.120. In any election, the
 21 form of the proposition shall be, "Are you in favor of the sale of distilled spirits and
 22 wine by the drink between the hours of one p.m. and midnight on Sunday in (name
 23 of county)?".

24 (3) In any county containing an urban-county government in which the sale of distilled
 25 spirits and wine is permitted under KRS Chapter 242, the legislative body of
 26 the~~[such]~~ urban-county government may by resolution or ordinance submit to the
 27 electorate a proposal to permit the sale of distilled spirits and wine by the drink on

Sunday from 1 p.m. until a closing hour specified in the proposal by hotels, motels, convention centers, convention hotel complexes, restaurants, racetracks, and commercial airports which are licensed for the retail sale of distilled spirits and wine by the drink and which have dining facilities with a minimum seating capacity of one hundred (100) people at tables and which receive less than fifty percent (50%) of their annual food and beverage income from dining facilities by the sale of alcohol. The proposal to be submitted to the electorate shall be~~[-so]~~ framed so that any voter who wishes to vote in favor of the limited Sunday sales of distilled spirits and wine by the drink may signify his or her approval by voting "yes" and any voter who wishes to vote against the limited Sunday sales of distilled spirits and wine by the drink may do so by voting "no." The election shall be held on a date stipulated by the legislative body, and the cost of the election shall be borne by the urban-county government. The proposal shall be published pursuant to KRS Chapter 424 and shall also be advertised by written or printed handbills posted at not less than five (5) conspicuous places in each precinct of the county for two (2) weeks before the election. The general election laws, including penalties for violations, shall apply to the election, except where those laws are inconsistent with the provisions of this section. The proposal submitted to the electorate shall be effective immediately if a majority of those voting on the proposal~~[-shall]~~ vote "yes."

(4) In any county containing an urban-county government in which the sale of distilled spirits and wine by the drink is permitted on Sunday as provided in subsections (2) and (3) of this section, licensed retailers selling~~[-holders of]~~ distilled spirits and wine by the~~[-retail]~~ drink~~[-licenses]~~ may apply to the director of the Division of Distilled Spirits for a special Sunday~~[-sale]~~ retail drink license. Upon receipt of an application and payment of the prescribed fee, the director shall issue a license.

(5) Notwithstanding any provision of the Kentucky Revised Statutes to the contrary, in any county containing an urban-county government where Sunday sales of distilled

spirits and wine by the drink have been previously approved, the legislative body of the urban-county government may by ordinance extend Sunday sales to any premises licensed to sell distilled spirits and wine by the drink located within the territorial boundaries of the urban-county government and may by ordinance establish the hours such distilled spirits and wine by the drink may be sold.

➔Section 93. KRS 244.300 is amended to read as follows:

No retailer ~~selling~~_[of] distilled spirits and wine by the package or by the drink shall sell, deliver, or give away, or cause, permit or procure to be sold, delivered, or given away any distilled spirits or wine on credit, except that a bona fide licensed private club, restaurant, or hotel~~[holding a license]~~ may sell on reasonable credit to its members, customers, or registered guests. Sales by any retailer selling~~[retail drink or]~~ distilled spirits or~~[and]~~ wine by the~~[retail]~~ package or by the drink~~[licensees]~~ may be made by use of national or bank credit cards wherein the credit card company has agreed to payment to the licensee for such charges. However, nothing in this section shall be construed to authorize a licensee to issue its~~[his]~~ own credit cards or extend a personal credit to patrons.

➔Section 94. KRS 244.440 is amended to read as follows:

(1) Every resident and nonresident distiller, rectifier, or winery~~[blender, or vintner]~~ and nonresident wholesaler who owns, is the primary source of supply, or has an exclusive interest in any particular brands, which are intended for sale or sold in this state, shall be licensed in this state and shall register on a form to be provided by the department, the names of the wholesalers in this state to whom distributing rights have been granted for~~[on]~~ one or more or all of the brands of distilled spirits or wine offered for sale or sold in this state.

(2) No distiller, rectifier, or winery~~[blender, or vintner]~~ shall offer to sell or sell, and no wholesaler shall offer to purchase or purchase, any brands which have not been registered as provided by this section.

➔Section 95. KRS 244.450 is amended to read as follows:

- 1 (1) No licensed wholesaler shall import, buy, offer for sale, or sell any brands offered
 2 for sale or sold by any out-of-state~~[nonresident]~~ distiller, rectifier, winery,
 3 supplier~~[blender, vintner]~~, or wholesaler without:
- 4 (a) Having previously been granted distributing rights by a licensed out-of-
 5 state~~[the nonresident]~~ distiller, rectifier, winery, supplier~~[blender, vintner]~~, or
 6 wholesaler; and
- 7 (b) Having previously filed with the department a brand registration form
 8 signed by the licensed out-of-state distiller, rectifier, winery, supplier, or
 9 wholesaler~~[applied for and received from the department an importer's~~
 10 ~~permit]~~.
- 11 (2) No wholesaler shall file or register a brand belonging to an out-of-state~~[apply for~~
 12 ~~or receive an importer's permit to import, buy, offer to sell, or sell any brands~~
 13 ~~offered for sale or sold by any nonresident]~~ distiller, rectifier, winery,
 14 supplier~~[blender, vintner]~~, or wholesaler until the out-of-state~~[nonresident]~~ distiller,
 15 rectifier, winery, supplier~~[blender, vintner]~~, or wholesaler becomes licensed and
 16 has granted distributing rights to the wholesaler.
- 17 ➔Section 96. KRS 244.480 is amended to read as follows:
- 18 (1) Except as provided in subsection (4)~~[(3)]~~ of this section, no brewer or distributor
 19 shall deliver any malt beverages on Sunday or between the hours of midnight and 6
 20 a.m. on any other day.
- 21 (2) Except as provided in subsection (4)~~[(3)]~~ of this section, no retailer shall sell, give
 22 away, or deliver any malt beverages between midnight and 6 a.m. or at any time
 23 during the twenty-four (24) hours of a Sunday~~[or during the hours the polls are~~
 24 ~~open on a primary or regular election day]~~.
- 25 (3) (a) A retailer may sell malt beverages during the hours the polls are open on a
 26 primary, or regular, local option, or special election day unless the retailer
 27 is located where the legislative body of an urban-county government,

consolidated local government, charter county government, unified local government, or a city of the first, second, third, or fourth class, or the fiscal court of a county containing an urban-county government or a city of the first, second, third, or fourth class, in which traffic in malt beverages is permitted by KRS Chapter 242 has adopted an ordinance that prohibits the sale of alcoholic beverages or limits the hours and times in which alcoholic beverages may be sold within its jurisdictional boundaries on any primary, or regular, local option, or special election day.

(b) This subsection shall only apply in a territory where prohibition is no longer in effect in whole or in part.

(c) Notwithstanding any other provisions of the Kentucky Revised Statutes to the contrary, the fiscal court of a county containing a city of the first, second, third, or fourth class shall not by ordinance or any other means:

1. Supersede, reverse, or modify any decision made pursuant to this subsection by the legislative body of a city of the first, second, third, or fourth class within that county; or

2. Impose an action upon a city of the first, second, third, or fourth class within that county when that city has taken no formal action pursuant to this subsection.

(4) The legislative body of an urban-county government, consolidated local government, charter county government, unified local government, or a city of the first, second, third, or fourth class or of a county containing an urban-county government, consolidated local government, charter county government, unified local government, or a city of the first, second, third, or fourth class in which traffic in malt beverages is permitted by KRS Chapter 242, shall have the exclusive power to establish the times in which malt beverages may be sold within its jurisdictional boundaries, including Sunday and any primary, or regular, local option, or special

1 ***election day*** sales if the hours so fixed[;

2 (a) ~~]~~shall not prohibit the sale, gift, or delivery of any malt beverages between 6
3 a.m. and midnight during any day, except Sunday[; and

4 (b) ~~Prohibit the sale of malt beverages on any primary or regular election day~~
5 ~~during the hours the polls are open}~~.

6 ➔Section 97. KRS 244.590 is amended to read as follows:

7 (1) No brewer or distributor shall induce through any of the following means any[~~malt~~
8 ~~beverage~~] retailer ***selling malt beverages by the package or drink*** to purchase any
9 malt beverages from him ***or her*** to the exclusion in whole or in part of malt
10 beverages sold or offered for sale by other persons, if the brewer or distributor
11 engages in the practice of using such means, or any of them, to such an extent as
12 substantially to restrain or prevent transactions in commerce in malt beverages:

13 (a) By acquiring or holding, after the expiration of any existing license, any
14 interest in any license with respect to the premises of the retailer;

15 (b) By acquiring any interest in real or personal property owned, occupied, or
16 used by the retailer in the conduct of his ***or her*** business;

17 (c) By furnishing, giving, renting, lending, or selling to the retailer, any
18 equipment, fixtures, signs, supplies, money, services, or other things of value,
19 except as the director of the Division of Malt Beverages, having regard for the
20 public health, the quantity and value of the articles involved, the prevention of
21 monopoly, and the practice of deception, may by ***administrative*** regulation
22 otherwise prescribe;

23 (d) By paying or crediting the retailer for any advertising, display, or distribution
24 service subject to the exceptions which the director may by ***administrative***
25 regulation prescribe;

26 (e) By guaranteeing any loan or the repayment of any financial obligation of the
27 retailer; or

1 (f) By requiring the retailer to take and dispose of a certain quota of any malt
2 beverages.

3 (2) Notwithstanding any provisions in KRS Chapter 244 and this section, a brewer or
4 distributor may:

5 (a) Give, rent, loan, or sell to any~~[a malt beverage]~~ retailer **selling malt beverages**
6 **by the package or drink** signs, posters, placards, designs, devices,
7 decorations, or graphic displays bearing advertising matter and for use in
8 windows or elsewhere in the interior of a retail malt beverage establishment;
9 and

10 (b) Provide or furnish draught-line cleaning or coil-cleaning service to a
11 **nonquota retail** malt beverage **package licensee**~~[retailer]~~ either directly or
12 indirectly with the consent of the distributor.

13 ➔Section 98. KRS 244.600 is amended to read as follows:

14 No brewer shall induce through any of the following means, any~~[malt beverage]~~ retailer
15 **selling malt beverages by the package or drink** to purchase any malt beverage products
16 from him **or her** to the exclusion in whole or in part of malt beverages sold or offered for
17 sale by other persons, if the brewer engages in the practice of using such means, or any of
18 them, to such an extent as substantially to restrain or prevent transactions in malt
19 beverages:

20 (1) By commercial bribery;~~[or]~~

21 (2) By offering or giving any bonus, premium, or compensation to any officer,
22 employee, or representative of the retailer; or

23 (3) By making or allowing any rebates or refunds to any officer, employee, or
24 representative of the retailer.

25 ➔Section 99. KRS 119.215 is amended to read as follows:

26 Any person who sells, loans, gives, or furnishes intoxicating liquor to any person in this
27 state on the day of any regular or primary election, under circumstances not constituting a

violation of KRS[~~242.100,~~] 244.290 or 244.480, shall be fined not less than twenty-five dollars (\$25) nor more than fifty dollars (\$50) for each offense.

➔SECTION 100. KRS 230.350 IS REPEALED AND REENACTED AS A NEW SECTION OF KRS CHAPTER 243 TO READ AS FOLLOWS:

Any person in wet territory licensed by the Kentucky Racing Commission under KRS 230.300 may be issued a license by the department and may hold a special temporary license as provided in Section 70 of this Act. When issued, the license shall be valid and effective only upon premises licensed by the racing commission and upon the dates and hours for which racing or intertrack wagering has been authorized by the racing commission. A temporary license may be issued for the period the racing or intertrack wagering has been authorized, even if the period exceeds thirty (30) days as provided in Section 70 of this Act.

➔SECTION 101. KRS 230.352 IS REPEALED AND REENACTED AS A NEW SECTION OF KRS CHAPTER 243 TO READ AS FOLLOWS:

In order to promote economic development and tourism, other provisions of the Kentucky Revised Statutes notwithstanding, the department may issue an NO1 retail drink license under Section 45 of this Act to a horse racetrack that is licensed under KRS 230.300 and is located in a wet or moist city under Section 4 of this Act. The license issued under this section shall be in effect only for horse racetrack premises where live racing meets were held in 2006. Nothing in this section shall be construed as authorizing the issuance of any alcoholic beverage license on any part of the horse race track's premises that is located outside the city's limits.

➔Section 102. KRS 230.361 is amended to read as follows:

- (1) The racing commission shall promulgate administrative regulations governing and regulating mutuel wagering on horse races under what is known as the pari-mutuel system of wagering. The wagering shall be conducted only by a person licensed under this chapter to conduct a race meeting and only upon the licensed premises.

1 The pari-mutuel system of wagering shall be operated only by a totalizator or other
 2 mechanical equipment approved by the racing commission. The racing commission
 3 shall not require any particular make of equipment.

4 (2) The operation of a pari-mutuel system for betting where authorized by law shall not
 5 constitute grounds for the revocation or suspension of any license issued and held
 6 under Sections 4 and 101 of this Act~~[KRS 230.350]~~.

7 (3) All reported but unclaimed pari-mutuel winning tickets held in this state by any
 8 person or association operating a pari-mutuel or similar system of betting at horse
 9 race meetings shall be presumed abandoned if not claimed by the person entitled to
 10 them within one (1) year from the time the ticket became payable.

11 (4) The racing commission may issue a license to conduct pari-mutuel wagering on
 12 steeple chases or other racing over jumps; if all proceeds from the wagering, after
 13 expenses are deducted, is used for charitable purposes. If the dates requested for
 14 such a license have been granted to a track within a forty (40) mile radius of the
 15 race site, the racing commission shall not issue a license until it has received written
 16 approval from the affected track. Pari-mutuel wagering licensed and approved under
 17 this subsection shall be limited to four (4) days per year. All racing and wagering
 18 authorized by this subsection shall be conducted in accordance with applicable
 19 administrative regulations promulgated by the racing commission.

20 ➔Section 103. KRS 413.241 is amended to read as follows:

21 (1) The General Assembly finds and declares that the consumption of intoxicating
 22 beverages, rather than the serving, furnishing, or sale of such beverages, is the
 23 proximate cause of any injury, including death and property damage, inflicted by an
 24 intoxicated person upon himself or another person.

25 (2) Any other law to the contrary notwithstanding, no person holding a permit under
 26 KRS Chapters 241 to 244~~[243.030, 243.040, 243.050]~~, nor any agent, servant, or
 27 employee of the person, who sells or serves intoxicating beverages to a person over

1 the age for the lawful purchase thereof, shall be liable to that person or to any other
 2 person or to the estate, successors, or survivors of either for any injury suffered off
 3 the premises including but not limited to wrongful death and property damage,
 4 because of the intoxication of the person to whom the intoxicating beverages were
 5 sold or served, unless a reasonable person under the same or similar circumstances
 6 should know that the person served is already intoxicated at the time of serving.

7 (3) The intoxicated person shall be primarily liable with respect to injuries suffered by
 8 third persons.

9 (4) The limitation of liability provided by this section shall not apply to any person who
 10 causes or contributes to the consumption of alcoholic beverages by force or by
 11 falsely representing that a beverage contains no alcohol.

12 (5) This section shall not apply to civil actions filed prior to July 15, 1988.

13 ➔Section 104. KRS 243.157 is amended to read as follows:

14 (1) A microbrewery license shall authorize the licensee to perform the following
 15 functions:

16 (a) Engage in the business of a brewer under the terms and conditions of KRS
 17 243.150, provided that production of malt beverages at such microbrewery
 18 shall not exceed twenty-five thousand (25,000) barrels in one (1) year;

19 (b) Serve on the premises complimentary samples of malt beverages produced by
 20 such microbrewery in amounts not to exceed sixteen (16) ounces per patron,
 21 provided the microbrewery is located in wet territory;

22 (c) Sell malt beverages produced on the premises of the microbrewery to licensed
 23 distributors; and

24 (d) Sell malt beverages produced on the premises of the microbrewery for on-
 25 and off-premises purposes in accordance with subsection (3)(b) and (c) of
 26 this section.

27 (2) A microbrewery license shall not be deemed to be incompatible with any other

license except for a distributor's license under the provisions of KRS 243.180.

(3) In accordance with the provisions of this section, a microbrewery license holder may:~~{also}~~

(a) Hold retail drink and package licenses both on and off the premises of the microbrewery. The holder of a microbrewery license is exempt from the provisions of KRS 244.570 and 244.590 as applied to any retail licenses held by the microbrewery license holder, and from any other sections which would restrict the co-ownership of the microbrewery license and any retail licenses described in this section;

(b) *Sell malt beverages produced on the premises of the microbrewery for on-premises purposes without having to transfer physical possession of those malt beverages to a licensed distributor provided:*

1. *The microbrewery possesses a retail drink license for those premises;*

2. *The microbrewery has a written contract with a licensed distributor authorizing the distributor to purchase and distribute the microbrewery's malt beverages to any other retailer; and*

3. *The microbrewery provides to the distributor a monthly report of the quantity of malt beverages produced at the microbrewery and sold at retail at the microbrewery under the provisions of its retail drink license. The report required under this subparagraph shall:*

a. *Be provided to the distributor on or before the tenth day of the month next succeeding the month in which the malt beverages were produced and sold at the microbrewery; and*

b. *Be provided on a form promulgated by the board by administrative regulation. The information provided on the form shall be reported to the Department of Revenue at the time and in the manner required by the department in accordance with its*

powers under KRS 131.130(3) and any administrative regulation promulgated thereunder.

Nothing in this subparagraph shall require a distributor to verify the accuracy of the information provided by the microbrewery in its report; and

(c) Sell malt beverages produced on the premises of the microbrewery for off-premises purposes without having to transfer physical possession of those malt beverages to a licensed distributor provided that:

1. The microbrewery possesses a retail package license for those premises;

2. The microbrewery has a written contract with a licensed distributor authorizing the distributor to purchase and distribute the microbrewery's malt beverages to any other retailer; and

3. The microbrewery provides to the distributor a monthly report of the quantity of malt beverages produced at the microbrewery under the provisions of its retail package license. The report required under this subparagraph shall:

a. Be provided to the distributor on or before the tenth day of the month next succeeding the month in which the malt beverages were produced and sold at the microbrewery; and

b. Be provided on a form promulgated by the board by administrative regulation. The information provided on the form shall be reported to the Department of Revenue at the time and in the manner required by that department in accordance with its powers under KRS 131.130(3) and any administrative regulation promulgated thereunder.

Nothing in this subparagraph shall require a distributor to verify the

accuracy of the information provided by the microbrewery in its report; and

4. The amount of malt beverages purchased by a customer during a visit to the microbrewery's premises does not exceed two hundred eighty-eight (288) ounces per customer per day.

(4) The provisions of subsection (3)(b) and (c) of this section shall apply only to malt beverages that are:

(a) Produced by the microbrewery at its licensed premises; and

(b) Offered for sale by the microbrewery at that same premises under the microbrewery's retail drink or package license.

All other malt beverages produced by the microbrewery which are offered for retail sale shall be sold and physically transferred to a licensed distributor in compliance with all other relevant provisions of KRS Chapters 241, 242, 243, and 244, and a licensed microbrewery shall not otherwise affect sales of malt beverages directly to retail customers except as provided in subsection (3)(b) and (c) of this section.

(5) (a) A microbrewery selling malt beverages in accordance with subsection (3)(b) and (c) of this section shall collect and provide the licensed distributor all taxes due under KRS 243.884. The tax shall be computed at the rate of eleven percent (11%) of the wholesale value of the malt beverages sold by the microbrewery under the provisions of subsection (3)(b) and (c) of this section. For the purposes of this subsection "wholesale value" shall be determined in accordance with the contract required under subsection (3)(b)2. and (c)2. of this section, as applicable.

(b) The licensed distributor shall be responsible for remitting these amounts to the Commonwealth as provided in KRS 243.884(1). In accordance with KRS 243.886, the licensed distributor shall be allowed to deduct one percent

(1%) of the tax remitted under this subsection, provided the amount due is not delinquent at the time of payment. Nothing in this subsection shall require the licensed distributor to verify the amount of taxes collected and provided by the microbrewery to be the true and accurate amount which is due according to KRS 243.884; nor shall the distributor be responsible for remittance of taxes due in the event the microbrewery fails to collect and provide the amounts owed under the provisions of this subsection.

(c) A microbrewery shall pay the excise tax on malt beverages in accordance with subsection (3) of Section 78 and with Section 79 of this Act and shall be entitled to the credit set forth in subsection (3)(b) of Section 78 of this Act.

~~(6)(4)~~ A microbrewery shall not be located in dry territory.

~~(7)(5)~~ This section does not exempt the holder of a microbrewery license from the provisions of KRS Chapters 241, 242, 243, and 244, nor from any rules of the board as established by administrative regulations, nor from regulation by the board, except as expressly stated in this section. The provisions of this section shall not be deemed inconsistent with the provisions of KRS 244.602.

(8) Nothing in this section shall be construed to vitiate the policy of this Commonwealth, as set forth in KRS 244.602 and Section 86 of this Act, supporting an orderly three (3) tier system for the production and sale of malt beverages.

➔Section 105. The following KRS sections are repealed:

242.080 Nomination of officers and issuance of certificates designating challengers, witnesses and guards.

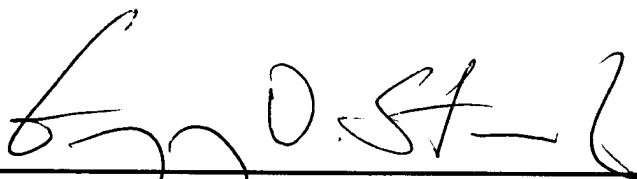
242.100 Traffic in alcoholic beverage on election day local option election held prohibited.

242.130 Dry territory may allow sale of 3.2% beer.

- 1 242.140 Petition for referendum.
- 2 242.150 County judge/executive to order referendum.
- 3 242.160 Advertisement of referendum.
- 4 242.170 Question to be voted on -- Conduct of referendum -- Effect.
- 5 242.180 No referendum for three years after territory votes dry.
- 6 242.185 Ordinance permitting limited sale of alcoholic beverages by the drink --
- 7 Application -- Regulatory fee -- Local option election.
- 8 243.032 Restaurant wine license.
- 9 243.140 Business authorized by blender's license.
- 10 243.210 Business authorized by malt beverage transporter's license.
- 11 243.270 Business authorized by special private club license.
- 12 243.290 Business authorized by malt beverage special temporary license.
- 13 243.300 Business authorized by dining car and railroad licenses.
- 14 243.310 Business authorized by special nonbeverage alcohol vendor's license.
- 15 243.330 Business authorized by special nonindustrial alcohol license.
- 16 243.350 Business authorized by special storage or warehouse license.
- 17 243.400 Bond with application for brewer's, distiller's, rectifier's, bottling house,
- 18 vintner's, or wholesaler's license.
- 19 243.410 Board may require satisfactory surety and bond -- Discharge of surety.
- 20 243.420 Recovery on bond.
- 21 244.330 One bar allowed for each license -- Service bars.



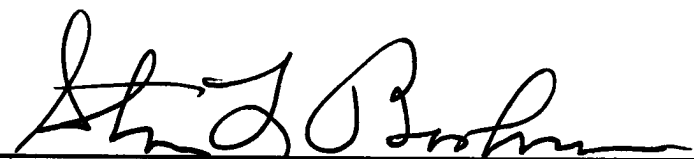
President of Senate



Speaker-House of Representatives

Attest: 

Chief Clerk of Senate

Approved 

Governor

Date 4-4-13